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ABSTRACT

This book is intended to provide guidance to governing boards and CEOs in the development of successful and effective employment agreements. It is intended to help a community college president and a board of trustees to develop job security and confidence for the president, clear expectations and a meaningful evaluation system, and exit strategies for the benefit of the president, the board, and the institution. The book contains the following eight chapters: (1) "The Presidency," which deals with the nature of the presidency at the beginning of the 21st century; (2) "Contract Basics," which discusses basics, positives, and negatives of employment agreements; (3) "Term of Appointment," which reviews common terms and provisions of appointments; (4) "Expectations, Assessment, and Evaluation," which discusses the ways in which evaluations are linked to the future of the college; (5) "Standard Compensation and Benefits," which offers contract details ranging from base salary to travel compensation; (6) "Enhanced Compensation and Benefits," which expands on Chapter 5 to include provisions such as housing; (7) "The Termination Clause," which discusses different types of termination, as well as issues of notice and compensation; and (8) "A Successful Tenure," which provides conclusions and recommendations. Sample comprehensive, simplified, and amended contracts and survey instrument are appended. (Contains 24 references.) (NB)

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THE CEO CONTRACT:

A Guide for Presidents and Boards

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THE CEO CONTRACT:

A Guide for Presidents and Boards

Desna L. Wallin

Foreword by George R. Boggs and Ray R. Taylor

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The American Association of Community Colleges (AACC) is the primary advocacy organization for the nation's community colleges. The association represents 1,100 two-year, associate degree-granting institutions and more than 10 million students. AACC promotes community colleges through six strategic action areas: national and international recognition and advocacy, learning and accountability, leadership development, economic and workforce development, connectedness across AACC membership, and international and intercultural education. Information about AACC and community colleges may be found at www.aacc.nche.edu.

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FOREWORD

The public community college is unique in American higher education: It exists solely to benefit the community. The elected or appointed board of trustees is empowered to act on behalf of the community, ensuring that the resources it provides are directed to that end. In fulfilling this responsibility, the board has the responsibility to provide the community with the highest quality institutional leadership in the person of the chief executive officer (CEO). *The CEO Contract: A Guide for Presidents and Boards* refers to the "employment relationship" that exists between the board and CEO, but we are mindful that this relationship is established, nurtured, and concluded in the interest of the community.

The term CEO as used here includes all college or district chief executives who report directly to a board. Examples of titles include president, chancellor, superintendent/president, and director. The relationship between a board and its CEO is an important one, as neither can be effective unless both are. It is essential that expectations are clear and communications are regular and open. The employment contract is an important mechanism for setting and documenting these expectations. It is a legal document, and therefore attorneys for both the college and the CEO should review it.

It is commonly said that the most important responsibility of a board is to hire a good CEO. Although this is key, we would argue that it is even more critical for a board to create an environment that attracts the most qualified candidates, retains a peak-performing CEO, and enables the CEO to be successful. In that regard, the CEO employment contract is a tool for fulfilling the board's responsibility to the community. The contract also clarifies and documents expectations for the benefit of both the CEO and the college.

The CEO contract should clearly state the terms of employment, including duties, salary, benefits, expense allowances, important working conditions, and term of office. CEOs and boards should never agree to any benefit that is not included

in writing in the contract. The contract serves as a written record and can be used to prevent misunderstandings that could prove to be embarrassing to the CEO and the board.

The most qualified CEO candidates will always ask about the college environment. What was the relationship between the board and the outgoing CEO? Was the board clear in its expectations of the CEO? Are there issues or problems that the board wants the new CEO to address? Does the board respect the boundaries between policy setting and administration—that is, will the board let the CEO do the job? In short, candidates will want to know if the position would be good for them professionally and if they can be successful as the leader of the college. Candidates will also want to know if the position would be good for them personally.

Well-qualified CEO candidates have many options, and a wise board will offer a competitive employment package. This publication delineates standard and enhanced compensation and benefits and presents some sample employment contracts. However, a board and a CEO should not be misled into thinking that there is a "cookie cutter" contract applicable in all situations. The employment contract between the board and the former CEO may not be suitable for the new CEO. Model contracts can be used as a basis, but the circumstances of each CEO are different. Each is at a different stage of life and career, and the contract must be sensitive to these differences. For example, CEOs moving from one state to another may need help to recover lost retirement benefits. Young CEOs may need help with childcare. CEOs moving into a more expensive housing area may need help with housing expenses.

In offering competitive employment packages, we caution trustees not to discount the value of a CEO based upon gender or ethnicity. It is still an unfortunate fact that minorities and women on average receive lower compensation and benefit levels in the American workforce. Community colleges, however, must set the example for equity. Trustees would not expect less effort or lower quality work from women and minority leaders, and employment contracts should not discriminate on this basis.

Excellent CEOs are often recruited for other positions. While it may be positive for both a CEO and a college to have a change, a board has an obligation to be sure that the reasons for potential separation are not related to weaknesses in the employment contract. The cost of replacing a CEO can be significant, and the loss of an experienced and effective CEO can be difficult for both the college and the community. When districts have successful CEOs, boards should do what they can, within reason, to retain them. The correct match between the skills and abilities of the CEO and the needs for leadership of the district is not always easy to find.

For that reason, the employment contract is a living document that should be updated to keep competitive over the long term. Although a board might take satisfaction in keeping compensation and benefits to a minimum, the cost of replacing a CEO will more than likely make up for any savings, and significantly raising the compensation level to be competitive in attracting qualified replacement candidates might be more difficult politically than periodically reviewing and updating the current CEO's employment contract. Trustees should discuss adjustments to the employment contract with the CEO annually. They should also schedule annual performance reviews to assess progress toward meeting college goals, to clarify expectations, and to recognize accomplishments.

Creating and maintaining an environment that enables the CEO to be successful is a board responsibility that requires continued attention. CEOs must feel safe to take risks and to make decisions that are difficult and not always popular. Multiyear employment contracts provide the security that a CEO needs to be the most effective leader, and they visibly show the board's confidence in the CEO. Trustees should not fall into the trap of thinking their college is so good that there will not be difficult leadership problems. Every college experiences problems, and leaders who are confident in their abilities and sure of their positions are best equipped to address them.

Community college CEOs are often expected to interact with other leaders in the community and to serve with them on important community boards and committees. The college CEO should be seen as someone who is as important to the community as the local hospital administrator, school superintendent, and city or county official. Compensation and benefit packages for public community college CEOs are often reported by the local media, and they communicate a message about the relative importance of the CEO in the community. Provisions in the employment contract can make it possible for the CEO to support local charitable events and causes and to become members of important local clubs.

Boards also have an obligation to encourage the CEO to grow professionally. The employment contract should provide for the professional development of the CEO, reimbursing costs for professional travel, conference attendance, and institutes or workshops. Trustees should resist arguments to limit the travel expense reimbursement of the CEO to that of other employees—more is expected of the CEO, and what the CEO does affects every other employee in the college. CEOs should also be encouraged to take vacation days and periodic paid leaves of absence so they can maintain their health and enthusiasm.

Even when all these elements are in place, the tenure of even the best CEO must come to an end one day. Intention to separate from employment can originate with

either the CEO or the board, but in the end it is wise that the separation be mutually agreed on and uncontentious. Reasons for leaving can be varied. The CEO may want to retire or accept another position. Sometimes CEOs realize that the job they came to do is completed, and the institution has moved to a point where new leadership is needed. Sometimes a CEO wants a different level of challenge. If the CEO has served the college well, the board should publicly acknowledge and reward the contributions. Trustees should not feel betrayed by a CEO who has made a contribution and now wants to explore other opportunities or retire.

Likewise, if a board decides it is time for new leadership, it is desirable to reach a mutual agreement for separation. CEOs should be given an opportunity to leave with dignity and their professional reputations intact. We have seen too many cases of acrimonious dismissals of CEOs with allegations reported prominently in local and national press. Such contentious separations damage the reputations of both the CEO and the college, making it difficult for the CEO to secure another leadership position and for the college to recruit a replacement. When necessary, a mediator should be employed to negotiate a separation agreement. However, a well-written separation clause in the employment contract may prevent many of these difficult situations.

Community college leadership is both challenging and complex. It requires a trusting and mutually supportive relationship between the board of trustees and the CEO. Boards must do what they can to attract and retain outstanding CEOs and to create an environment that supports their success. Well-written employment contracts play an essential role in clarifying expectations and establishing the environment for effective leadership. We hope that this publication assists both boards and CEOs in the preparation and review of these important living documents.

George R. Boggs
President and CEO
American Association
of Community Colleges

Ray R. Taylor
President and CEO
Association of Community
College Trustees

PREFACE

This book is intended to provide guidance to governing boards and CEOs in the development of successful and effective employment agreements. It is intended to help a college president and a board of trustees develop job security and confidence for the president, clear expectations and a meaningful evaluation system, and graceful and dignified exit strategies for the benefit of the president, the board, and the institution.

It is important to be aware that "one size does not fit all." Boards have the responsibility to attract, retain, and nurture a successful CEO for the benefit of the community. An employment agreement between a board and a president in a unionized, large urban environment will of necessity be quite different from an employment agreement between a board and a president in a small, rural area. Similarly, there are differences between an appropriate agreement for a chancellor of a multi-college district and a campus president within such a district. Finally, regional differences need to be taken into account. Generally speaking, agreements are more comprehensive (and presidents are more highly compensated) in the Northeast than in the South or the West. Further, there are cultural expectations and traditions in a community that may dictate the way in which an employment agreement is devised. This book is not intended to be definitive, but instead to clarify the respective roles of presidents and boards and to present viable options for boards and presidents to consider as they develop their own employment agreement, customized to meet the expectations of the communities they serve.

The book contains eight chapters. The first chapter deals with the nature of the presidency at the beginning of the 21st century. Changes in the demographics of colleges and boards and the professionalization of the position have made it increasingly important for boards and presidents to be knowledgeable about the nature of presidential compensation and the desirability of clear employment agreements.

Chapter 2 presents the basic components of an employment agreement and discusses advantages and disadvantages of such a contractual arrangement. It also discusses the importance of a well-informed compensation committee. Chapter 3 reviews the term of appointment. There are myriad arrangements for the term of appointment—from "at the pleasure of the board" to an indefinite time in the distant future. However, the most common contracts are for a term of three years, and many are now incorporating rollover provisions.

Nothing is more important to the success of a president than a clear set of expectations by which his or her tenure will be judged. Chapter 4 discusses the importance of well-thought-out expectations and assessments. The process followed by the board is very important and requires the commitment and involvement of the full board. Presidential evaluations need to be handled with sensitivity, and the results should increase the level of understanding and communication between a board and the president. The future direction of the college and decisions regarding future compensation are all linked to presidential evaluations.

Chapter 5 discusses standard compensation and benefits that should be a part of any contract. Details regarding base salary, various insurance benefits, leave provisions, how travel will be handled, restrictions on outside employment, automobile expenses, moving expenses, and an integration clause are all considered. Chapter 6 expands the previous chapter by looking at enhanced compensation and benefits. These include such important considerations as deferred compensation, bonuses, housing, supplements from a college foundation, entertainment expenses, club memberships, professional development, childcare and eldercare, technology needs, retirement benefits, and other considerations specific to the needs of an individual president.

Chapter 7 deals with the all-important termination clause. It is an area new presidents, in particular, may be reluctant to approach, but one that requires careful attention and planning. Different types of termination, issues of notice and compensation, and extension of benefits are reviewed. Finally, Chapter 8 addresses important concepts presented in previous chapters and provides conclusions and recommendations for a board and a president as they pursue the development of an effective employment agreement that will contribute to a successful presidential tenure.

The preparation of the book involved four distinct but interrelated activities. First, a review of the existing literature was conducted. Second, a 20-question e-mail survey titled "CEO Contract and Compensation Survey (CCCS)" was developed and distributed to 1,155 community college presidents and chancellors. The presidents of institutional members of the American Association of Community Colleges (AACC) served as the population for this study. The survey questions elicited

information regarding the employment contract, duties and responsibilities, term of the contract, compensation, evaluation, benefits, termination, and retirement. Two follow-up reminders were sent. A total of 477 usable survey replies were received, for a return rate of 41 percent. Not all respondents answered every question; thus, in determining percentages, only the number of responses to each individual question was used. A copy of the survey is included in Appendix IV.

Third, telephone interviews were conducted with community college presidents from across the country, representing small, medium, and large colleges, urban and rural colleges, as well as multicampus colleges. Fourth, actual employment contracts provided by current presidents were reviewed to determine the various ways in which boards and presidents reduce to writing their mutual understanding of the role, responsibility, compensation, and evaluation of the president. A sample comprehensive employment agreement appears in Appendix I. Appendix II provides a sample simplified contract. A sample contract amendment is shown in Appendix III. These contracts are representative of various types of employment agreements. They are not meant to be prescriptive, but rather to suggest possibilities, some of which might be incorporated into any one employment agreement, subject to the limitations of state and local statutes.

Finally, it is important to note that this book is not intended to substitute for appropriate legal advice. Compensation packages have become increasingly complex, and federal and state laws regarding tax implications and the legality of certain practices are constantly changing. Boards of trustees need to understand that the presidential contract is part of their fiduciary responsibility. Both boards and presidents need to make decisions regarding compensation based on complete, accurate, and current legal advice, including expertise in contract law.

ACKNOWLEDGMENTS

The author wishes to acknowledge the leadership provided by George R. Boggs, president and CEO of the American Association of Community Colleges (AACC), and Ray R. Taylor, president and CEO of the Association of Community College Trustees (ACCT), for their interest and encouragement of the project. Various AACC staff members provided invaluable service as well. Of special note is the research data assistance provided by Kent Phillippe, Chris Shults, and Margaret Rivera. Jeff Mills contributed design and formatting expertise in preparing the survey for e-mail distribution. Norma Kent provided editorial assistance. Narcisa A. Polonio of ACCT provided insights from the board perspective.

The comments and suggestions of the 477 presidents from across the country who responded to the survey added a great deal of depth and "real-world" experience to the book. Of special note are those presidents who openly shared not only their contracts, but also their positive and negative experiences in negotiating those contracts. A debt of gratitude is owed as well to the presidents who took time from their busy schedules to discuss their contracts—or lack thereof—with the author. Their contributions will be much appreciated by fellow presidents and by boards across the country who are able to gain insight from the experiences of these presidents.

The support of colleagues within the Department of Occupational Studies at the University of Georgia, in particular the department chair, Cliff Smith, was important to the successful completion of this project.

Finally, the author would like to thank her husband, Harry Jarrett, for his patience and encouragement of the project, as well as his careful reading of the manuscript and his thoughtful suggestions.

INTRODUCTION

In this comprehensive guide to crafting employment contracts for community college CEOs, Desna L. Wallin challenges boards and presidents to "get off on the right foot" by codifying an agreement worthy of the "partnership of responsibilities" between the CEO of a community college and its board of trustees. Wallin's indispensable book explains how boards and CEOs can craft agreements that reflect the full complexity of the CEO position. Well-crafted agreements clearly define the expectations of both parties entering into the relationship. They reflect the values of the college and support the interests and priorities of the community. And, ultimately, by incorporating terms that define standards of accountability and compensate and reward exemplary leaders, the well-crafted CEO contract helps ensure a successful presidency.

Although good contracts cannot guarantee good relationships between individual trustees and presidents, the process of negotiating and crafting a contract is an important first step toward solidifying a good relationship. The process gives all parties the opportunity to forge a relationship that is based on mutual respect, common goals, valuing and rewarding performance, accountability, and an unselfish desire to provide strong leadership. Having observed this process many times while working with elected and appointed boards of trustees across the country, we have gathered some simple advice that we hope will augment the valuable information provided in this book.

Involve all board members in the process. The responsibility for negotiating or renewing the contract with the president rests with the full board. Board leaders should take steps to provide opportunities for all board members to be involved. The process should not be rushed and should allow time for discussion and questions. Keep in mind that all board members may not have extensive experience negotiating executive contracts; therefore, extra care should be taken to ensure that all members are familiar with all aspects of the contract and are prepared to

honor the agreement. It is the board's responsibility to gain the necessary expertise to carry out this duty.

Keep the president informed and involved. The board must keep the president informed and should follow the "no surprise" rule. Any concerns should be openly discussed with the president. A good relationship with a successful president can be weakened and put at risk if the board decides to modify the terms of the contract without extending the president the courtesy of a full discussion.

Be well-informed. By comparing salaries, benefits, and lengths of contracts across states or regions, board members will not only gain a better understanding of the marketplace, but also they will be in a better position to offer a competitive package. State associations and the Association of Community College Trustees are good sources of accurate and impartial information. Being well-informed will also enable the board to react and respond to scrutiny from the public and to defend its actions, if needed. The board's response to external questioning may influence how internal and external constituencies judge the start of the new presidency. The board should also review its procedures and processes with the new president at this stage. We recommend *Trusteeship in Community Colleges: A Guide for Effective Governance*, by Cindra J. Smith, to boards and presidents for discussion. This how-to book gives a comprehensive overview of the partnership between the board and CEO in providing institutional leadership.

Seek appropriate legal advice. We encourage the board to rely on legal counsel with significant experience in contract development to draft or review any contracts. This point is made throughout the book, but it is important enough to bear repeating. The board should also encourage the president to have his or her own legal counsel review the agreement before it is signed. Both parties should enter into the relationship with a full understanding of the formal agreement. A new presidency typically begins with good will and excitement, so it is the best time to ensure that the agreement provides the foundation for a cooperative relationship and that it is fair to both parties.

Assume full responsibility for enforcing the contract. The board's responsibilities include ensuring that all aspects of the negotiated contract are honored. Evaluations should be conducted in a timely, fair, and professional manner and should involve the entire board. We recommend that the board participate in a retreat or, at a minimum, set aside enough time to have a full review and performance discussion with the president. We also encourage the board to plan in advance for incorporating self-assessment of its performance into the discussion. We recommend that review and renewal of the contract, or terms of the contract, be incorporated into

the board's annual calendar and that the board dedicate all the time necessary to address this important responsibility.

We are delighted to provide these brief words of introduction and hope they assist the 6,500 elected and volunteer trustees who serve America's community colleges. We are certain that this book will be an essential resource for boards and presidents who seek to promote strong and effective relationships.

Wayne Newton
Chair, Board of Trustees
Kirkwood Community College, IA

Narcisa A. Polonio
Director of Board Leadership Services
Association of Community College Trustees

1

THE PRESIDENCY

What is it like being a community college president in the early years of the 21st century? Perhaps it is not very different from the description given by Harold W. Stoke in 1959 who said that "being a college president was like a small boy walking a high picket fence—thrilled, but in constant danger of being impaled" (Kauffman 1980, 9).

No doubt there are few accomplishments, even that of successfully negotiating a walk on a high picket fence, that can compare with the challenge and excitement of providing presidential leadership in a community college. The experience can be incredibly exhilarating and rewarding, as well as challenging and exhausting. Barwick makes the point that the community college presidency has come to rival such issues as teaching and learning in the attention it has recently garnered in the scholarly literature and the popular press. Most articles, he goes on to say, emphasize one of the following arguments regarding the nature of the contemporary college presidency: "(1) We are at the brink of crisis because presidents will be retiring faster than the available applicant pool can fill the vacancies, and (2) The job has become so difficult and complex, it is a wonder any rational person would want it" (Barwick 2002, 7).

The Future

It has been well documented that large numbers of presidents will be retiring in the next few years (Shults 2001). The growth spurt that accompanied the establishment and rapid growth of community colleges in the 1960s portends a significant number of retirements in the first decade of the 21st century (Campbell 2002). It also is indisputable that the presidency of a technical or community college is an extremely demanding role. According to Vaughan and Weisman (1998), more than 91 percent of current presidents reported in 1991 that they spend in excess

of 50 hours a week on college work. Perhaps not surprising is the fact that 69 percent of those presidents who took a vacation of at least two weeks reported that they did college work while on vacation.

In fact, administration in general has become less attractive as a career choice. In a discussion of leadership challenges in secondary education, Zirkle and Cotton point to a dilemma that also is apparent in higher education: "All of this to enter an administrative area that demands longer hours, places more stress, and offers fewer rewards than the teaching profession. It is not a bright prospect" (Zirkle and Cotton 2001, 17).

Not only is there a diminishing supply of sitting presidents, but those who would ordinarily replace them, the vice presidents and deans, are nearing retirement and are leaving the profession at almost the same rate as presidents. Further, the skills that are required of today's president are more far-reaching and complex than those required only a decade or two ago. In Vaughan and Weisman's 1998 study, sitting community college presidents identified some of the skills that they believed would be important to future community college presidents. Those skills include the following:

- Ability to bring all segments of the college into the governing process
- Aptitude for building consensus
- Understanding of technology
- High tolerance for ambiguity
- Appreciation of multiculturalism
- Ability to build successful partnerships and coalitions

These skills are qualitatively different from those required of community college presidents 40 years ago during the building and development mode.

In a recent study (Wallin 2002) of the professional development needs of presidents in three states—North Carolina, South Carolina, and Georgia—presidents were asked to give their perceptions of additional skills, beyond the conventional leadership skills, that were needed by a 21st-century community college president. The responses included team development, wise delegation, common sense, oral presentation skills, fundraising, political savvy, vision for the college, decision-making and problem-solving skills, and moral and ethical leadership. It also was noted that golf was a useful skill as was the "tenacity of a bulldog, hide of an elephant, stomach of a goat, disposition of a jackass, and public image of Mother Teresa!"

Successful community college leadership requires myriad talents, persistence, commitment, and professional expertise. "As a natural consequence," Wolin suggests, "the role of the CEO involves some risk. Leading a community college is no

exception. Essential to minimizing this risk is a clear understanding and agreement about expectations between a college's governing board and its CEO. Where there is a clear understanding, the CEO can pour his or her energy into planning and positive action" (Wolin 1996, 1).

Making It Worthwhile

With such high expectations of today's president, working in a complex and sometimes contradictory environment, it becomes more important than ever that an employment agreement be crafted that will allow a president to devote full attention and energy to the challenges at hand.

There was a time, not too long ago, when a college president expected to serve "at the pleasure of the board" with the agreement sealed by a handshake. That is no longer the case for most presidents. In fact, in 1984 only 49 percent of the presidents at all colleges and universities had formal employment contracts; by 1997, 68 percent had formal contracts. For community and technical college presidents, the numbers are even higher. In 1997, 79 percent of public two-year college presidents had formal, written contracts (Basinger 2002).

Why the shift from a handshake and a promise to more formalized legal agreements? Much of it has to do with the professionalization of the position itself. Boards, too, have become more businesslike and corporate in their orientation and expect the same of their CEO. In the past, dealings with a board were often linked to ecclesiastical traditions—where serving as the president of a university or college was actually seen as a calling. As such, the argument went, that calling should not be sullied by the ways of commerce (Basinger 2002).

Such a mythology often resulted in considerations of financial compensation and retirement benefits being glossed over. Kauffman states quite correctly: "In the glow of having been chosen, many a candidate makes assumptions that are later mistaken. It may appear crass to raise questions of one's personal status and security when asked to be leader of a noble cause, but a candidate who fails to discuss these matters often has regrets that could have been prevented" (Kauffman 1980, 87). Nevertheless, it remains a fact that individuals who are drawn to the presidency are deeply committed to higher education. "Despite the changes in the marketplace, the position of college president continues to be a calling as much as a way to make a living" (Atwell and Wellman 2000, v).

It has been noted frequently that the presidency is a lonely job; only those who have been in a similar position can really understand the challenges, the disappointments, and the high points of such a position. This sentiment, while

contemporary and accurate, is not limited to today's presidents. William Rainey Harper, the first president of the University of Chicago, wrote of this phenomenon in 1904. "Another feeling which gradually grows upon the occupant of the presidential chair is that of great loneliness—the feeling of separation from all his fellows ... the college presidency means the giving up of many things, and, not the least among them, one's most intimate friendships. Moreover, this feeling of separation, of isolation, increases with each recurring year, and, in spite of the most vigorous effort, it comes to be a thing of permanence" (Kauffman 1980, 89).

While indeed the presidency is in many ways a lonely position, it does have its rewards. George Vaughan, professor of higher education at North Carolina State University, who served as a community college president for 17 years, has conducted many leadership seminars for those who have an interest in becoming community college presidents. As part of his presentation, he discusses the pros and cons of the presidency ending with a tongue-in-cheek observation on loneliness. "Yes, the presidency is a lonely position. It is lonely at the top. But I have news for you: it is lonely at the bottom, too, and the top pays more."

Summary

Serving as a community college president at the beginning of the 21st century is challenging and exciting. The complexity of the job has increased significantly. Employees, the community, and business and industry all expect the college to do more at the same time that resources are diminishing. Presidents spend more hours on the job and take less vacation than they did even a decade ago. In the not-too-distant past, many presidents considered the position akin to a religious calling and, as such, were averse to being specific about the terms and conditions characteristic of a formal employment agreement. However, with the professionalization of the job of community college president, along with the increasing sophistication of governing boards, employment agreements are common. Nearly 80 percent of community college presidents had such an agreement in 1997. The issue for both boards and presidents is not so much simply having an agreement, but rather having a clear, mutually developed agreement that protects the integrity and effectiveness of the president, the board, and the college. The process of developing the agreement should strengthen the board–CEO relationship while setting clear parameters and expectations.

2

CONTRACT BASICS

Most presidents operate within a written agreement: either a formal contract or a letter of appointment. Some boards, however, are reluctant to issue a contract because they feel it limits their authority. Others believe that only an oral agreement is necessary. Nevertheless, the changing nature of the community college presidency is making the employment agreement increasingly important for both presidents and boards.

A report issued by the Community College Leadership Development Institute (CCLDI) in 2001 indicated that the challenges of leading a community college have become more complex and often contentious, while tenure in leadership positions has become shorter. Couple that reality with the increasingly litigious environment in which community college presidents labor and the desirability of a formal employment agreement becomes even more obvious. In fact, boards are beginning to understand that a competitive contract may be key in attracting and retaining a quality leader.

The CEO Contract and Compensation Survey (CCCS) conducted in conjunction with the preparation of this book sought to understand the nature of existing employment agreements and the components that make for an effective and competitive contract. (For the complete survey, see Appendix IV.) The CCCS resulted in 477 usable survey returns. Not all presidents responded to all questions, but overall, a great deal of valuable information on the state of current employment agreements was gathered. A total of 463 presidents responded to the question, "Do you have an employment contract?" Of that total, 386 (83 percent) responded that they did have a contract, while 77 (17 percent) responded that they did not have a contract. Of those who did not have a contract, nearly one-third indicated that they had a letter of agreement or a letter of appointment under which they operated.

What to Include

What are the basic components of a competitive employment agreement between a president and a board? Atwell and Wellman maintain that the contract "is best confined to terms and conditions of presidential employment and should not extend to institutional plans and policy matters, though these can be referred to in the context of the presidential performance review" (Atwell and Wellman 2000, 36). They further suggest that a bare-bones contract should be composed of at least four elements:

1. Term of the appointment
2. Compensation package
3. Performance review/evaluation
4. Termination

If a board wishes to have a simplified, nonlegalistic contract, but one that provides adequate protection and understanding for both the president and the board, these four basic components must be present.

The **term of the appointment** should specify the initial term of the presidential appointment as well as processes for extending the agreement. Most contracts have a term of three to five years, though some states and localities allow for only a one-year appointment. Still others support an indefinite term.

The **compensation package** includes the base salary, any provision for bonuses, and the comprehensive benefits package. Boards and presidents need to be aware of federal and state laws governing benefits to executives that are not available to all employees. A good practice is to have a legal review of the compensation package by an attorney well versed in contract law before it is finalized.

A contract should outline clearly the process and timeline for the **performance review/evaluation.** In addition to a board review based on established goals and objectives, the president should prepare a self-assessment relative to the goals and objectives as well as other accomplishments throughout the evaluation period.

Finally, a basic contract should set out the provisions for **termination.** This should include the circumstances under which different types of compensation would be made. Presidents leave for various reasons, and whether or not compensation is offered depends in part upon the reasons for leaving and upon which party initiated the departure. "Inadequate attention to arrangements for the end of a presidency and for employment termination can place chief executives and boards in uncomfortable situations that can harm the institution. Provisions to terminate the contract should be part of the basic employment agreement" (Atwell and Wellman 2000, 39).

Nason has characterized the components of a basic contract somewhat differently. He stresses that a great deal of disillusionment could be prevented if boards were clear and specific regarding the "practical and professional arrangements for the new presidents" (Nason 1980, 74). He groups the many aspects of a contract into three basic areas:

1. Financial
2. Professional
3. Administrative

Under the **financial** heading, he lists salary, annuity or pension provisions, health insurance, life insurance, moving expenses, automobile expenses, travel expenses, and entertainment expenses, among others. Under **professional** benefits, he includes adequate vacation, leaves of absence, and professional competence. Under the **administrative** rubric, he details such items as starting date, length of appointment, conditions of termination, criteria of performance, and provision for review and evaluation.

Perhaps how one chooses to group the elements of a contract is not as important as being sure that all the important pieces are included in a way that makes sense to the board and the president and is consistent with institutional practice and state law. In recent years boards have come to realize the need to be more professional and businesslike in order to attract and retain the individuals they want to lead their institutions.

Compensation Committees

In the not-so-distant past, presidential compensation was a matter to be discussed and settled between the board chair and the president, with little if any involvement from anyone else. However, "in today's setting, a number of factors make such a process unwise, risky, and possibly illegal for the institution and even for individual board members" (Tranquada 2001, 1). Tranquada further suggests that it simply makes good sense for the compensation of the chief executive, both at the initial hiring and at subsequent renewals, "to be set intelligently and responsibly with the full board's approval. The role of the compensation committee is to accomplish this objective in a way that provides for all reasonable protection of the chief executive's privacy while taking account of the significance of compensation as a means of recognizing his or her record of achievement" (Tranquada 2001, 2).

A compensation committee of the board can serve a valuable function in negotiating both initial and continuing contracts. It is much more efficient and

expedient for the president to be dealing with the board chair and a small group of board members as important compensation issues are discussed. This committee, however, must be empowered by the full board. Later, after all terms are agreed upon, the recommendations of the compensation committee should be taken to the full board for ratification. For most community colleges, the compensation committee is usually the same as the executive committee. In some cases, it could be the personnel committee. However, if the board is unusually large, it may be that a separate committee would be designated to focus on issues of presidential compensation. Regardless of the composition, the board chair should always play a prominent role, usually the chair of the compensation committee, and should be the individual who communicates with the president.

Just what does the compensation committee do? The responsibilities in establishing an initial contract are more comprehensive than those involved in renewing a contract. Such items as the base salary, bonuses, deferred compensation, and health and life insurance need to be set. In addition, such perquisites as a car, housing allowance, travel expense, childcare, supplemental insurance, club memberships, entertainment allowances, and leave provisions need to be tailored to the specific needs of the president and the history and culture of the institution.

It is also important in the initial contract to make clear what the evaluation and assessment process will be. Is there an annual review? Are goals and objectives identified? Does the board make clear to the president its expectations? Are subsequent salary increases tied to achieving agreed-upon objectives? Answers to these questions should be a part of the initial contract.

The compensation committee's responsibilities will be somewhat different in subsequent discussions, after the initial contract. This is the time to assess presidential performance. The chief executive should be asked to present a self-assessment addressing previously agreed-upon goals and objectives. Board members should have the opportunity to add their assessments to the president's. Such an evaluation should be an annual affair, with clear timelines, usually just prior to the beginning of the academic year, when a full review of the year's activities is possible. A board retreat could provide an ideal environment for such a discussion. This is also the appropriate time to survey the market to compare compensation packages with other institutions that are similar in size and mission, and that are regionally comparable. Sources of information include the annual survey of compensation conducted by the *Chronicle of Higher Education*, national and state professional and trustee associations, and the Web site of Guidestar (www.guidestar.org). However, it must be kept in mind that these sources give only general information that is usually one to two years old.

The compensation committee also is responsible for documenting carefully the entire compensation process, whether for an initial contract or for a continuing agreement. This documentation should include "how the performance review was conducted (with the president's written self-review attached), how the comparative data were secured (also attached), and subsequent recommendations approved by the

Compensation Committee Questions

In his book The Compensation Committee *(2001), R.E. Tranquada suggests that the committee should be prepared to answer 11 basic questions as it considers presidential compensation.*

1. *What do we need to provide in terms of compensation, benefits, and perquisites to acquire or retain an effective president?*
2. *Considering the entire budgetary situation, what is a responsible level of presidential compensation?*
3. *Where do we want to be in relation to our peers in presidential compensation?*
4. *Should a salary increase have a merit or incentive bonus component?*
5. *Do we agree on the major college objectives and priorities?*
6. *Do we have sufficient evidence of progress or lack thereof on each objective? (renewal contract)*
7. *Have we looked at the objectives with respect to the amount of effort they require from the president?*
8. *What message do we want to deliver with the compensation recommendation?*
9. *Are we reasonably confident that our colleagues on the board will agree with our recommendation?*
10. *How will we communicate our recommendation to the full board?*
11. *How will our decision be communicated to outside constituencies? How will they respond to our decision?*

board. It should be made part of the chief financial officer's confidential files and made available for the institution's audit process" (Tranquada 2001, 10).

Pros and Cons

Just what are the advantages and disadvantages of a formal contract? The most obvious **advantage** is job security for the president. Often the board expects a new president to make changes, reorganize, meet accountability mandates, and take risks. When such changes are made, especially personnel and program changes, the president is not the most popular person on campus, particularly with long-term faculty and staff. Nielsen and Newton describe a situation in which the trustees decided that their institution needed a major overhaul and hired a president who they believed could do the job. "The new president understood his mandate to 'sweep with a new broom' and went swiftly to work. The sweeping changes reached the media in no time, and the community began to look at the college with renewed scrutiny. In this instance, the board chose to disavow responsibility for the decisions made by the new president; the result was a barrage of criticism of the president that weakened his ability to lead" (Nielsen and Newton 1997, 34).

Furthermore, during the time of change implementation, given the political nature of many boards, the composition of the board may change. It is not unusual for an entirely new board to be in control three or four years after a new president is hired. That new board does not have the same commitment to the president that the hiring board had. In these circumstances, a formal contract can serve as a collective memory that states expectations against which the president will be evaluated and clarifies ongoing relationships between the board and the CEO. A good contract will spell out evaluation processes and delineate specific provisions for contract renewal as well as the conditions under which the contract would not be renewed. The board has the responsibility to act in the best long-term interests of the college and the community, providing stability and protecting the presidency from political swings.

Are there **disadvantages** to a formal contract? Sometimes a board may feel that a contract limits its power to dismiss the president, and it does not want its power to be constrained. Further, boards may believe that contracts have become too legalistic, with a business mindset that detracts from the collegial approach that has been the tradition of the academy from its beginning. Some presidents agree. According to Jamienne S. Studley, president of Skidmore College, "presidents' lawyers in some cases have become like agents for professional athletes, pushing for benefits far beyond what other employees at a college receive. 'It has the

danger of distancing presidents from their campuses or creating a competition among presidents on the wrong sort of basis'" (Basinger 2002, A29).

There are **other issues** to consider as well. As Kauffman (1980) suggests, presidents may be at the height of their earning power, but they have virtually no job security and no one to advocate for their well-being and advancement. Writing in 1968, Mark Ingraham discussed a similar theme. While some things have changed, much has remained the same in the intervening 35 years. He laments: "the financial problems of the man without tenure, who has no house of his own, has many financial demands (greater than those incurred by others in the community) for the travel of his wife, for entertainment, for charity, and for a host of incidentals ... can be severe. Many suggest that the trustees be more systematic in reviewing the compensation of the president" (Ingraham 1968, 153). Today, we are more likely lamenting the need to find meaningful solutions to other problems: professional employment for a spouse—male or female; technology needs, including a laptop computer, cell phone, and pager, deferred compensation and various forms of insurance; childcare and eldercare; and travel assistance for commuter marriages.

Summary

A contract in its simplest form is an agreement between two entities. An employment contract is an agreement between the employer, in this case the board, and the employee, the president. It usually is drawn up, or at least reviewed by, an attorney for the board and an attorney for the president. It should set forth basic terms and conditions of employment. At the least, it should specify compensation, term of employment, benefits, processes and timelines for performance assessment, and conditions and provisions for termination of the contract.

While the development of the contract is rightly a matter for discussion between the board chair and the president, the complementary use of a compensation committee is an increasingly prevalent practice. A case can be made for both advantages and disadvantages of a formal employment agreement. However, the advantages of a clear and specific statement of expectations of both parties in a legal, contractual agreement far outweigh the perceived disadvantages. A contract serves as a vote of confidence on the part of the board in support of its president and gives the president the security that is needed to make difficult decisions in the best interest of the college.

3

TERM OF APPOINTMENT

"I have pondered, from time to time, the quaint language found in almost all governing board bylaws and repeated in all letters of appointment received by new college and university presidents: 'The President shall serve at the pleasure of the Board.'" So begins Chapter 1 of Kauffman's book, *At the Pleasure of the Board*. Indeed just what is meant by the "pleasure of the board"? Kauffman continues: "How does one please or displease a board? Is not this status ambiguous for a chief executive, too vague to tolerate? How does it come to be that at the height of one's career effectiveness, one is placed in such a vulnerable situation? Most people work toward increasing job security. Why not a college president?" (Kauffman 1980, 1).

What the Presidents Say

The CCCS found that many presidents still do work solely "at the pleasure of the board." In some cases, state law or tradition determines the term of the contract. For example, one president reports, "By state law, presidents in the Alabama College System are at-will employees of the Alabama State Board of Education, terminable at the will of the Board, upon the recommendation of the chancellor." Another president states: "All administrators and exempt staff in Colorado are 'at will' regardless of written documentation. Only the faculty and classified/support staff work under a very formal due process protection." Two other presidents have similar responses: "Statute in [Massachusetts] calls for presidents to serve at the will of the Board of Trustees"; and "I work as an 'at will' employee at the pleasure of the Texas State University System Board of Regents." Still another responds, "No contract or agreement of any kind. I serve at the will of the board." And finally: "I don't even recall a handshake. When I was originally hired there had been a long-standing tradition of no contracts and/or letters of agreement for CEOs in Louisiana." Sometimes

confusion exists as to just what type of employment agreement really exists. As one exasperated president stated, "While the board calls it a contract and it does contain my annual salary, it also explicitly states that I can be terminated at any time, for any reason, with no obligation to pay a salary beyond the date of termination, so I am not sure I would call it a contract." Presidents operating under such uncertain employment agreements have special challenges—and a great deal of insecurity.

For those presidents who do work under a formal contract, there are discernible patterns that have developed over the last decade, as boards have paid more attention to the substance of employment agreements. Vaughan and Weisman (1998) reported that their survey indicated community college presidents typically have either a rolling (44 percent) or a fixed (39 percent) contract. Only 16 percent of presidents served at the will of the board. Those presidents who do have employment contracts reported agreements of varying lengths. Most are between one and four years. "Eighteen percent of the presidents with employment contracts have one-year contracts, 27 percent have three-year contracts, and 31 percent have contracts for four years" (Vaughan and Weisman 1998, 65). Another type of contract, which is becoming much more common and well received by both boards and presidents, has been labeled the "evergreen" contract, for obvious reasons. "One innovation is a so-called 'evergreen' contract, which runs for a specified duration (usually one or two years) and automatically renews for another contract period after each successful performance review" (Atwell and Wellman 2000, 37).

The more recent CCCS found that the percentages were not greatly different in 2002, though there seemed to be somewhat of a shift toward three-year agreements. The survey asked the presidents to indicate the term of their current contract, from one to five years. Of the 407 responses, 79 (19 percent) were for a term of one year; 48 (12 percent) were for a term of two years; 198 (49 percent) were for a term of three years; 55 (13 percent) were for a term of four years; 20 (5 percent) were for a term of five years; and 7 (2 percent) were for an indefinite term.

The presidents also reported a variety of rollover provisions. State law dictated some, but most were decided by board and CEO agreement. Comments included the following:

- "Rolling three-year contract with a year added following each satisfactory performance evaluation."
- "Four years is the maximum allowed by law. It is a 'rolling' four years in that the board addresses my contract length each year when they address compensation and, unless they vote otherwise, a new four-year contract begins."
- "Three years with one-year extension each July 1 unless the board votes not to extend the contract."

- "I have a three-year rolling contract. My presidency could be terminated, but I'd still be employed by the district. They would have the right of assignment."
- "Not rolling. I re-sign every three years."
- "Extended each year, with good performance, by one year resulting in a rolling three-year contract."
- "A rolling three-year contract, which automatically extends a year on February 1 unless the board acts to the contrary."

Faculty Retreat Rights

Where permissible by state and local laws and customs, a presidential appointee may request faculty tenure and retreat rights as a part of the term of appointment. Thus, if at some point in the term the president becomes ineffective or loses the confidence of the board, he or she has the right to a faculty or other administrative position. While less common in community colleges than in four-year colleges and universities, it is becoming more acceptable, particularly in unionized environments. The details of the provisions of such retreat rights should be explicit. For example, will the salary be commensurate with the presidential salary or with a comparable faculty salary? What if there is no need for the president's academic specialty at the community college? Are there other retreat options for a president? How are rank and tenure to be decided, if indeed these options exist at the college?

Some presidents who responded to the CCCS reported negotiating retreat rights, though only 7 percent had retreat rights as part of the contract and another 7 percent indicated they received the benefit even though it was not stated explicitly in the contract. One president commented, "I have tenure in the Biology Department." Others reported: "I was hired as a full professor with tenure and released to be president. I can always return to the professorial position"; "I have faculty status and therefore could return to a teaching position"; and "I can return to a professorial position." While a return to faculty provision is still not common in community college contracts, it is an issue that should be discussed as an option where appropriate.

Summary

The term of appointment varies greatly from college to college and state to state. Some states and systems impose limitations on the length of a contract. Some boards have had negative experiences with long-term contracts and are hesitant to offer

other than year-to-year contracts. An annual contract, while better than no contract, does little to give a president the security needed to make sometimes unpopular but necessary decisions. The most common contract length is now three years. Increasingly, contracts use a rollover feature, which essentially maintains the initial length of the contract as long as evaluations are positive and the board and president maintain mutual confidence. Boards also may want to consider a "retreat to faculty" option as part of a new or continuing contract. These types of continuing provisions send a powerful message to both the college community and the external community that the board fully supports the actions and authority of the president.

4

EXPECTATIONS, ASSESSMENT, AND EVALUATION

While it may seem surprising that so much is left to chance in the terms and conditions of employment, it is perhaps even more surprising that so little attention is paid to ongoing employment and the criteria or conditions for performance evaluation. As Gaskin (1997) maintains, there is no single factor that is more important to the successful functioning of a community college than a mutually supportive relationship between a board of trustees and its president. That entails an understanding of the roles of each, and accepting that there is a certain ambiguity and blending of roles. This type of focus provides value added to the organization and brings clarity to the president's role.

Further, once a good match has been established between a board and a president, retention becomes an issue. It is difficult, time consuming, and disruptive to go through a presidential search with any frequency. Therefore, when things seem to be going well, the board needs to pay particular attention to doing what is necessary to retain a high-performing president. Presidential evaluations should be handled with sensitivity, and the results should be shared in such a way as to motivate a president to continue to make tough decisions and to do what is right for the institution, not just to take the easy and popular way. The basis for evaluation should be a shared vision by the board and the president as well as compliance with the job description and the mission of the college (Nielsen and Newton 1997, 34–35).

More Survey Results

Responses to the CCCS showed that most presidents do have a board-conducted evaluation. In fact, 85 percent reported that they have an annual evaluation, 2 percent indicated that they had an "end of contract period" evaluation, and 13 percent said they had no board-conducted evaluation. Most of the presidents who indicated that they had no board-conducted evaluation explained that either they reported to a chancellor as campus presidents, and the evaluation was conducted by the chancellor, or they were in a centralized system (they did not report to a board) and were evaluated by the state president or the state commissioner. One president indicated that evaluation was triennial, another that evaluation was a contract stipulation but loosely followed, several reported twice-a-year evaluation, and one commented, "rarely happens unless I insist that it be done."

The criteria by which the presidents were evaluated varied from very specific to very general. One president said that there were no details regarding criteria, only that "future salary will be based on annual review by the board." Conversely, another president indicated that evaluation was based upon "mutually agreed-upon objectives that are clearly measurable. Objectives are updated annually." Still another president provided a more complete list of criteria: "board-president relationships; community relations; classified, administrative and faculty relationships; educational programs; business and financial matters; professional and leadership achievement; and the achievement of goals/objectives."

One president indicated that the board used "a standard management evaluation form with two pages of check-off boxes." Several presidents reported that they are operating under the Carver Policy Governance model and included the following representative comments: "With Policy Governance, I have monthly monitoring reports from the ENDS (goals) statements. A summary of these makes a portion of my evaluation;" "the Policy Governance ENDS statements (goals);" and "adherence to END policies via Carver's Policy Governance."

Without a doubt, a clear set of expectations, goals, and standards of performance provides protection for both the president and the board. These standards should be mutually devised and agreed upon at the time of initial employment. There should be clearly stated times for assessment—usually annually. And most important, there should be established standards by which to assess the leadership of the president. "The president has a right to know by what criteria he or she will be judged. The trustees have an obligation to state in writing what those standards will be" (Nason 1980, 77).

Neff agrees that clear expectations are too often the missing piece in board-presidential relations. "A good statement of mutual expectations should focus the board and the president on the same issues. The statement also forms the basis of future evaluations" (Neff 1993, 20).

Mutual Expectations

Just because an institution has a plethora of documents purporting to give guidance to a president, those documents do not necessarily hone in on specific expectations of the president. Nor do they necessarily indicate what the board wants to see accomplished. Mission statements, job descriptions, state regulations, institutional strategic plans, letters of intent to employ, and even contracts do not set forth the specific expectations for a president's tenure. A good statement of mutual expectations should accomplish the following:

- Focus the board and the president on the same issues
- Deal with expectations in realistic terms, including resources, priorities, and timelines
- Set forth goals in plain and detailed language
- Be agreed upon and wholeheartedly supported by both the board and the president
- Improve communication between the board and the president
- Serve as the basis for evaluation

Having specific expectations and goals set out ahead of time will help a president focus limited time on the activities that are most important to the board. "Clear mutual expectations will not solve all the leadership problems of higher education. More explicitly stated, however, they might strengthen board-presidential working relations. They could make evaluations more effective for the board and the president, and ultimately, they could affect the ability of the institution to achieve its mission" (Neff 1993, 23).

The Assessment Process

Bornstein further discusses the importance of systematic discussions regarding performance review and compensation. While business leaders often are members of governing boards, they seem to apply different processes to rewarding a college president than they would apply to a business CEO. Perhaps that is because it is

more difficult to evaluate the product. "Education professionals traditionally are motivated more by the social value of what they do than by profits; thus, they generally are not compensated according to how many students or dollars they attract. As boards seek inducements to retain successful presidents, however, the business practice of providing 'golden handcuffs' is becoming more common" (Bornstein 1998, 4).

Performance assessment of the president is clearly the responsibility of the board. It is important that the responsibility be carried out with integrity, sensitivity, fairness, and dignity. While presidents and boards may have shied away from formal evaluation practices in the past and relied on informal conversations, recent changes in federal law have prompted even those who have avoided such assessments to look toward developing defensible practices. "The IRS now requires all nonprofit boards to demonstrate links between compensation adjustments and performance assessments of 'highly compensated' individuals.... In setting compensation levels, periodic benchmarking with peers is especially important, along with documentation of the practices used for the review of compensation and performance" (Ingram and Weary 2000, 7).

Ingram and Weary also suggest that the annual presidential assessment process should enable boards to respond to four important questions:

"1. Do we really have a deep understanding of what our president does to lead and manage?

2. Do we really know how well the president is leading and managing?

3. Are the president's goal statements adequate and appropriate, and do we have ample opportunity to discuss and perhaps adjust them with the president?

4. Are we supporting the president in demonstrable ways, and are we genuinely interested in helping him or her grow professionally and personally?" (Ingram and Weary 2000, 14)

They go on to say that presidential assessment should never be a game of "gotcha," nor should any one board member's personal agenda be allowed to dominate the evaluation process. The evaluation should not be used to discuss a singular negative event or single recent perceived lack of judgment. Rather, the assessment should be a time to review goals and objectives and discuss progress and problems.

In fact, in most cases it is desirable for the review process to be separate from the compensation process. The review process may be held prior to the compensation process; while the review process obviously informs the compensation process, they should not be seen as one and the same. There may be, for example, times when a president has performed in an exemplary fashion, but budget

restrictions prevent the board from substantially increasing compensation, which may be well deserved and well earned, with goals being met and positive accolades for the college. Other considerations, which may have nothing to do with performance, have to be taken into account when compensation is determined.

Ingram and Weary propose that a president and board use what they describe as "The Chief Executive's Annual Management Review Statement" as the basis for the annual presidential performance assessment. This assessment has three basic components: retrospective, prospective, and other information.

In the **retrospective** section, a president delineates the progress made toward last year's mutually agreed-upon goals. This section discusses personal and institutional achievements beyond the goals and details particular disappointments or frustrations. It also discusses relationships with faculty, staff, and community and business leaders. Finally, any personal or family issues that have an impact on the presidency are brought to the attention of the board.

The **prospective** component details the challenges and opportunities that the president sees ahead. The president lists 5 to 10 primary goals for the institution over the next year and beyond, and includes any other thoughts, ambitions, or ideas that might not have been discussed in other sections of the report.

The **other information** component gives the president an opportunity to present any problems, including financial and morale issues, which might help the board assess the college's health and progress. The Management Review Statement forms the basis for presidential assessment, provides an opportunity for discussion of the direction of the college, and links to future compensation decisions.

For an in-depth discussion of options for presidential assessment, as well as board assessment, Ingram and Weary's *Presidential & Board Assessment in Higher Education* is an excellent resource. Further, professional associations such as AACC and ACCT frequently offer evaluation workshops at their annual meetings.

Summary

Presidential evaluations are an important component of the board–CEO relationship. Both new and continuing presidents need to know exactly what the board expects to be accomplished, the resources available, and the timeline for completion. The format and timelines for an assessment of those expectations should be part of an annual goal-setting and review process. The way in which a board intends to evaluate the effectiveness of the president should be spelled out clearly in an initial contract, and then reviewed and modified, if necessary, on an annual basis. Compensation and extension of contract provisions are tied

inevitably to performance evaluation; however, where possible, those processes should be carried out separately so complete attention can be devoted to each. Having a full understanding of their mutual roles and responsibilities will permit a board and a president to carry out their complementary roles in a way that ultimately allows the college to move forward focused on fulfilling its mission.

5

STANDARD COMPENSATION AND BENEFITS

While it is certainly true that one does not aspire to a presidency to become rich, it is also a fallacy to assume that presidential candidates are indifferent to financial considerations. "In the end, say economists, it is about money, not just about 'principle.' What we earn—and the process by which we are paid—matters. It matters to the long-term viability of organizations that they are able to attract and retain the most capable and talented leaders in their profession. And it matters to those who hold top leadership positions that they feel appreciated and that their exemplary work is rewarded financially and in other ways" (Atwell and Wellman 2000, v).

Upon the successful completion of a search process, the negotiating of terms and conditions of employment, including benefits and compensation, must be undertaken. Similarly, following a sterling presidential evaluation, compensation issues need to be addressed. Determining presidential compensation, including benefits and the process by which raises will be determined, usually is led by the executive committee of the board of trustees or by a special compensation committee of the board. This chapter outlines the processes for determining standard compensation and benefits packages, as well as the components of those packages.

Compensation, Now and Later

It is the responsibility of the board chair to provide leadership in devising a contract with a competitive and reasonable compensation package. Sometimes a presidential candidate may avoid the subject of salary and benefits so as not to appear greedy or to stir up the press, to the detriment of both the president and the board. The board needs to know what contract provisions are common in peer institutions. State and national community college associations as well as individual colleges can

provide a board chair and the compensation committee with the information needed to reward an effective CEO (Nielsen and Newton 1997). The *Chronicle of Higher Education* also compiles easily accessible statistics on salary and benefits of chief executive officers in both four-year and two-year institutions. A competitive compensation package is a critical first step in attracting and retaining a high-performing president.

Boards should reward their chief executives fairly and generously for their efforts. "Presidents should not have to plead for adequate compensation or negotiate for themselves. Boards that take the initiative on such matters send a clear signal that they value their chief executives and that presidential time and energy are best spent on the complex responsibilities of leadership" (Bornstein 1998, 4).

Rewarding fairly can best be accomplished when governing boards have appropriate compensation policies and procedures in place. There are new concerns about "excessive compensation," particularly in the light of recent business failures where CEOs have escaped with fortunes, while the employees of the company have lost not only jobs but also life savings in defunct retirement plans. Further, tax changes in 1996 empowered the IRS to impose sanctions "on managers of tax-exempt organizations judged to be paying their top executives 'excessive compensation'. . . . All colleges and universities, like all tax-exempt organizations, are being scrutinized as never before, and governing boards are being held answerable for their behavior in unprecedented ways" (Ingram 1997, 6–7).

However, the IRS regulations allow that the board's compensation decision is reasonable if the board or committee: "(1) was composed of members not controlled by the person who received the benefit, (2) obtained and relied on comparability data—for examples, salaries at similar institutions, and (3) adequately documented the basis for the action" (Michaelson 1997, 35). While the governing board has the responsibility to attract and retain an effective president, it must do so in a way that is acceptable to its various constituencies. The process of providing a competitive salary and benefits package can best be understood when there is a formal process that requires "rationality, formality in process and record keeping, and an identifiable relationship with performance" (Ingram 1997, 8).

The CCCS asked presidents to detail how raises are determined as part of a contractual agreement. As one might imagine, the responses ranged from "discretion of the board" to "mutual discussions" to "not lower than previous year's salary!" The survey asked several specific questions regarding the stipulations for increases included in the contract. One question asked if the process for raises is spelled out in the contract. Of those responding, 165 (36 percent) indicated that the process was spelled out in some fashion, while a whopping 299 (64 percent) stated that the process was not spelled out. For those whose processes were spelled out, five

additional questions regarding the basis for increases were asked. Table 5.1 presents the abbreviated questions and responses.

TABLE 5.1. DETERMINATION OF RAISES

Question	Number of Responses	
	Yes	No
Meritorious service	49 (41%)	71 (59%)
Achievement of goals	46 (38%)	76 (62%)
State/other employee increases	108 (69%)	49 (31%)
Regular increments	48 (42%)	66 (58%)
Discretion of board	121 (76%)	38 (24%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

Thus, it is clear that the most frequently used method of determining salary increases for presidents is simply the discretion of the board, followed closely by salary increases of other employee groups. The link between performance and salary increase is tenuous at best.

Other comments related to the determination of salary increases included the following:

- "not spelled out but is based on exemplary achievement of mutually agreed upon annual goals"
- "when FTE increases over a certain amount"
- "comparison to peers' salaries"
- "specifically tied to faculty salary increases"
- "automatic raise specified if annual evaluation is positive"
- "state legislature moves the schedule forward or it doesn't"
- "5% annually based on satisfactory evaluation"
- "based on size of institution, years as president, years in higher education"
- "COLA as per state rules for state employees"
- "discretion of system president"
- "discretion of the chancellor based on meeting goals"
- "discretion of commissioner"
- "as agreed to by both parties"

Boards and presidents need to determine defensible standards that can be used to justify and explain salary increases. Raises are less subject to public criticism when the processes and criteria for providing a salary increase are clearly stated as part of the contract and are related to performance, while still ensuring the appropriate discretion that is due a board, chancellor, or system president.

The Standard Package

The contractual agreement between the board and the president or CEO of a community college should address a number of critical areas. Following is a discussion of the most common elements of these agreements.

Duties and Responsibilities

The duties and responsibilities of the president are sometimes delineated in the actual employment agreement. More often, the employment agreement references a job description to be found in board or state policy. Those that list responsibilities often include serving as secretary to the board, including the responsibility to see that minutes are taken of all board meetings, that appropriate notices of meetings are filed in accordance with open meetings laws, and that board records are kept and maintained.

A review of current contracts shows that duties are sometimes listed generically. For example, a contract may stipulate that the president agrees to devote full working time and attention to the duties and responsibilities assigned by the board, "which shall include, but not be limited to, the administration and implementation of policies, procedures, and directives authorized by the board in connection with the continuing establishment, operation, maintenance, and improvement of the college." Many contracts have a line or two that describe the relationship between the board and the president. "The President shall serve as Chief Executive Officer and have the primary responsibility for executing Board policy. The President shall provide leadership in those matters that are material in the completion of the mission of the college and shall ensure that the Board is fully aware of those matters." One contract even suggests that the president can establish a work schedule as necessary to accomplish the required duties, making sure that the working schedule should be "no less than forty (40) hours per week." It may be a reflection of how little understood the duties of a president are if anyone thinks that those duties can be accomplished in 40 hours per week!

Other contracts are still more specific in a listing of duties, including the following: recommending "all personnel for employment for Board approval; providing

leadership for academic excellence; administering the instructional, student services, and business affairs of the college; promoting a positive college image; establishing working relationships with other governmental agencies; evaluating administrative employees; and managing college-owned property."

The CCCS found that many contracts were indeed very general in nature and referred to a board manual or state statutes or a separate job description to list the responsibilities of the position. Respondents made comments such as these:

- "The letter of agreement outlines the salary and the term of the agreement. The board policy manual outlines benefits and number of workdays."

Checklist of Good Practices on Executive Compensation

In his 1997 article entitled "Searching for Reason in Presidential Compensation," R.T. Ingram provides a useful checklist of good practices on executive compensation. Realizing that governing boards of colleges and universities are held to a higher standard than are boards of for-profit businesses, and that tax-supported public institutions are held to a higher standard still, he suggests that boards protect themselves and their presidents by maintaining good practices.

- ❑ *Boards should designate a compensation committee to review the existing compensation package on an annual basis.*
- ❑ *Boards should be clear that they relate compensation to performance by asking the president to prepare a self-evaluation that details the goals and objectives of the past year and progress and problems in achieving those goals and objectives. Part of the self-assessment should be developing a new and/or revised set of goals for the coming year. Simultaneously, the board should gather reliable information about the compensation packages of other peer institutions to use as comparative data in deciding salary and benefits adjustments.*
- ❑ *Boards should document the oversight and decision-making processes of the compensation committee. The entire board should be on record as supporting the action of the committee.*

- "The contract contains only compensation items; everything else is in the job description."
- "We are using the Carver model of shared governance—none are specifically spelled out in the contract but it refers to the policy manual that talks about all of them."
- "All duties are spelled out in the job description, not in the employment contract."

Some presidents, however, indicated that their contracts contained very detailed descriptions of their responsibilities, including the following:

- "lend influence at state and national levels on issues affecting higher education"
- "budget and finance, distance education and outreach programming, facilities management, personnel, planning, legislative and governmental relations"
- "alumni relations, long-range planning, budget formulation, supervision of buildings and grounds, student recruitment and services, faculty recruitment, and preparing rules and regulations for the college"
- "chief administrative officer, administrative organization, evaluation, orientation of personnel, budgetary process, representation before the legislature, annual report, other duties as assigned!"

One president responded that duties were defined "broadly, other duties as required, which means anything that comes up!"

The survey also asked if specific areas of responsibility were explicitly listed as part of the president's written contract, rather than being referred to in a job description or in board policy. Those duties included academic and community leadership, fundraising, business and industry and public school partnerships, as well as authority for hiring and firing. Table 5.2 summarizes the responses of those who answered the question.

Many presidents also indicated that their contracts referenced how they were to communicate with the board (67 percent) and their specific role with the board, such as secretary or treasurer to the board (47 percent). Thus, many current community college presidential contracts contain specific statements of responsibilities, incorporating much of what is generally considered a separate and distinct job description into the body of the contract. It is preferable to keep the job description separate from the contract, though it can be referenced.

TABLE 5.2. DUTIES AND RESPONSIBILITIES

Responsibility	Number of Responses	
	In Contract	Not in Contract
Academic leadership	242 (69%)	110 (31%)
Community leadership	235 (69%)	108 (31%)
Fundraising	143 (46%)	169 (54%)
Business and industry partnerships	169 (52%)	154 (48%)
Public school partnerships	144 (47%)	165 (53%)
Authority for hiring and firing	220 (64%)	124 (36%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

Health, Dental, and Vision Insurance

Health insurance is a standard benefit for nearly every full-time employee; dental and vision insurance are increasingly considered standard. In addition to making these benefits available to a president, a board should use every avenue permitted by law to pay the attached premiums. In most cases, these benefits can be extended to family members also. Again, wherever possible, the board can help to make a more attractive package by agreeing to pick up the costs for basic family health, dental, and vision insurance.

The CCCS reflected the almost universal availability of these insurance benefits; however, in most cases they are a part of the standard benefits for all employees and as such are not a part of the contract. Instead, they are referenced in board policy or in an employee handbook. Table 5.3 reflects the survey responses to receipt of health, dental, and vision insurance.

TABLE 5.3. HEALTH, DENTAL, AND VISION INSURANCE

Benefit	Number of Responses		
	In Contract	Received, Not in Contract	Not Received
Personal health	206 (46%)	220 (50%)	19 (4%)
Family health	155 (36%)	170 (40%)	103 (24%)
Personal dental	168 (39%)	181 (43%)	78 (18%)
Family dental	132 (32%)	144 (35%)	133 (33%)
Personal vision	118 (29%)	115 (28%)	175 (43%)
Family vision	89 (23%)	97 (24%)	207 (53%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

Life Insurance

Life insurance is very affordable when purchased within a group. Depending on the family situation of the president, additional life insurance may make the difference between a reasonable lifestyle and poverty for the family should the president die while in office. Many presidents have requested that the college provide coverage of two and one-half times the annual salary. This seems to be an industry standard (Cotton 2002).

The CCCS showed that most presidents do receive personal life insurance as a benefit. Of the respondents, 206 (45 percent) indicated that life insurance was a part of the contract; 189 (41 percent) indicated it was not in the contract, but they did receive the benefit; and 62 (14 percent) indicated they either did not receive or it was not applicable. Family life insurance also can be made available. In the survey, 11 percent indicated family life insurance was a part of the contract; 21 percent received the benefit, though not stated in the contract; and 68 percent indicated they did not receive family life insurance.

Disability Insurance

Disability insurance is something that is often relegated to a low priority. It is relatively inexpensive and absolutely vital in the event of an accident or illness that keeps a president away from work. Cotton, in discussing disability benefits, indicates that everyone in higher education should have a disability policy that covers at least 60 percent of current salary. However, many colleges have policies that cap disability at a low level. While such policies may cover 60 percent of an employee's salary,

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they often have a benefit cap as low as $5,000 per month. "Assuming a president earns a salary of $200,000 a year, 60 percent of that amount would be $120,000. If a college has a disability insurance policy with a $5,000 a month benefit cap on it, only 30 percent of the president's salary would be forthcoming in the event he or she became totally disabled while working for the college. Unless a president has significant other assets or resources, I view that level of coverage as insufficient to adequately protect the president and his or her family in the event of a catastrophe. In cases like this, the president ought to bring this inequity to the attention of the board chairman or the compensation committee and request additional disability coverage to bring the level to 60 percent of base salary. Specific add-on policies are available in the marketplace" (Cotton 2002, n.p.).

Annual Physical Exam

Often a board will want to include a provision for an annual comprehensive physical exam, assuring the board that the president is indeed fit to perform the necessary duties. While most contractual requirements for a physical exam are written in general terms, simply requiring an annual physical, some may be quite specific. For example, one board requires a president to undergo an annual physical by a physician approved by both the president and the board chair. The physician then "shall certify ... to the board whether the president is capable of fulfilling the duties as president of the college, although the physician shall not be required to provide information concerning any specific medical condition."

Costs for a basic physical exam usually are covered by health insurance policies; however, a comprehensive exam with a variety of tests may not be. Therefore, the contract agreement generally stipulates that the president will be reimbursed for costs not covered by medical insurance.

Thirty percent of the presidents who responded to the question on the CCCS regarding an annual physical indicated that they had a board-paid physical; 15 percent said they had the benefit, though not a part of the contract; and 55 percent indicated they did not receive a board-paid physical as part of the benefits package.

Vacation Leave

According to Vaughan and Weisman (1998), presidents earned an average of 22 days of annual or vacation leave each year, which is essentially the same amount they earned in 1984. In most cases, unused annual leave is simply lost; it does not transfer into cash compensation. Only 7 percent of presidents were paid for unused annual leave at the end of the year in 1996.

Responses to the CCCS showed a variety of arrangements for vacation days; however the most frequently cited number was 20, followed closely by 24. Thus, it appears that most presidents are eligible for four to five weeks of vacation time per year. The number of vacation days has remained fairly constant for the past 20 years.

Sick Leave

Sick leave usually is granted at the same level as that provided for other employees. Depending upon state and local regulations, sick leave may be accumulated. Unused leave may be compensated at the termination of employment or after the accumulation of a certain number of days. Some colleges have policies regarding donated leave and presidents may feel pressure to donate unused leave in the event of the extended illness of staff or faculty. The contract should either spell out clearly the conditions surrounding sick leave or refer to college policy. More than 50 percent of the presidents who responded to the question regarding sick days in the CCCS reported 12–15 days per year.

Disability Leave

The extended disability of a president creates hardships not only for the president and family; it creates instability and uncertainty for the college as well. Some contracts very specifically state the time period in which a president can be absent from the full-time responsibilities of the job before it would be necessary to leave employment and allow the college to seek new leadership. There should be specific provisions in the contract that include the following: a professional assessment by a physician of the nature and duration of the illness or accident; a timetable for recovery; and alternatives, including special assignment, appointment of an interim president, types of leaves available, and the extent of leave before termination.

Professional Leave and Business Travel

Most boards reimburse the president for all expenses related to official business travel. However, the contract may need to indicate the limits of that travel. May the president fly first or business class and be reimbursed, or is it more appropriate to travel coach? Is there a set mileage reimbursement for the use of personal vehicles? Is the president to be provided with a college credit card to charge all expenses, or should the president retain receipts from expenditures and be reimbursed? Is international travel allowed or encouraged? What guidelines exist to determine the appropriateness of international travel?

Another sensitive issue that the initial contract should deal with is spousal travel. Many boards will reimburse the travel expenses of a spouse who accompanies a president to a professional meeting. Other boards may believe that paying for spousal

travel gives the public appearance of a "junket" and decline to pay any such expenses. To avoid misunderstanding and embarrassment for the president and the institution, policies regarding spousal travel need to be clearly delineated.

Limits on Outside Employment

Many times presidents want to engage in consulting, paid scholarly work, or paid board service. They may have opportunities to receive honoraria for keynote addresses or other presentations. Boards and presidents need to determine at the outset, during the negotiation of the initial contract, what the limits of such outside employment will be. Some boards believe that the president must give complete time and effort to the position of the presidency and that no outside income is allowed. Other boards may see value to the institution through outside presentations and service on boards. Boards may elect to set a specific number of days that a president may be absent for the purpose of consulting or other paid outside employment. Alternatively, boards may require that a president take vacation days for any such paid activities. Outside employment is one of the areas in which misunderstandings can occur if such provisions are not made clear at the beginning of employment.

A surprising number of presidents who responded to the CCCS indicated that their contracts did not specifically address the details of outside employment. Some indicated that state law limited the number of days and/or amount of compensation that could be earned; others listed board restrictions such as 3 days, 10 days, and 12 days. Many presidents reported that there was an understanding regarding outside employment, but it was not delineated in the contract. Such comments as "not addressed in any way," "not addressed in my contract," and "not in contract, no verbal restrictions" were common. Only 2 percent indicated an outright ban on all outside earnings, while 41 percent reported no restrictions. Table 5.4 summarizes the types of outside earnings permitted, as reported in the CCCS.

TABLE 5.4. OUTSIDE EMPLOYMENT

	Number of Responses		
Employment	**Permitted, In Contract**	**Permitted, Not in Contract**	**Not Permitted**
Consulting	84 (20%)	268 (63%)	75 (17%)
Paid board service	28 (7%)	282 (68%)	104 (25%)
Honoraria	45 (11%)	320 (75%)	59 (14%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

Outside earnings were restricted by the number of days per year by only 20 percent of the respondents; 59 percent indicated that outside earnings were restricted by the requirement to take vacation days.

Presidents seem to be aware of the potential for negative reactions from engaging in paid outside activities. Typical comments included "I donate all outside earnings to the college scholarship foundation" and "I generally donate honoraria to the College Foundation." The survey showed that presidents also realize the importance of keeping the board well informed about any outside activities. Comments on this subject included: "all activities are subject to approval by Board of Trustees;" "must have board approval for any outside employment;" and "in consultation with the Board Chair and with the understanding that activities not interfere with the president's normal duties and effectiveness."

Automobile

Many institutions provide the president with a leased or college-owned automobile. The board should clearly state the appropriate use of the car. For example, some boards may specify that the car is for business use only. In that case, the vehicle is to be used only to get to and from work, to conferences and business meetings, and to transport college guests. Some boards indicate that the car is for the president's personal and business use. Presidents who are permitted personal use of the car need to be careful to record the various uses of the automobile for income tax purposes. The value of the personal use may be considered taxable income.

Responsibilities for maintenance and insurance of the car also should be stated explicitly. If the college supplies the insurance coverage, and the car can be used for personal use, the insurance policy should be written so as to cover other members of the president's family as specified by the board. For example, the board may want to obtain insurance coverage that will allow the president's spouse to drive the car, but not the president's teenagers!

Responses to the CCCS confirmed that assistance with auto expenses was an expectation that usually was met either through a college-provided auto or an expense allowance for the business use of a personal vehicle. Thirty-four percent of the respondents reported that the college provided a car, 20 percent said the car was provided but not addressed in the contract, and 46 percent said that the college did not provide an auto. Of those who responded to the question regarding an auto expense allowance, 36 percent reported that provisions were stated in the contract, 10 percent said that auto expenses were not stated in the contract but were provided, and 54 percent indicated that expenses for the operation of a vehicle were not provided.

Moving and Relocation Expenses

Relocation expenses are frequently part of the initial package to make it easier for a president to move to a new area. Relocation costs may include temporary housing as well as house-hunting trips for the president and spouse. Inasmuch as moving—especially long-distance moving of a large household—can be extremely expensive, it is important that conditions be stated explicitly. The board may be willing to stipulate a dollar amount: that is, moving expenses, not to exceed $8,000, will be paid. A more attractive option for the president is for the board to agree to cover all moving expenses, regardless of cost, because those costs are often uncertain beforehand. The board also should spell out whether moving expenses include professional packing and unpacking, or only actual transportation costs. Is the board willing to pay the costs of a professional mover, or is the president expected to engage a "do-it-yourself" company?

Responses to the question concerning relocation expenses in the CCCS showed that 33 percent of the presidents had specific information regarding relocation as part of the initial contract, while 23 percent received assistance in moving, though such expenses were not provided by contract. Forty-four percent indicated they did not receive relocation assistance, or it was not applicable to their situation.

Less frequently addressed, but of great value to an outgoing president, is the board's agreement to pay relocation expenses at the end of the presidency, if certain conditions are met. For example, the president must be at the end of the contract term or be terminated without cause. This type of benefit is best negotiated as part of the initial contract; it is much harder to negotiate such an agreement well into the presidency.

Integration Clause

The contract should conclude with an "integration" or "entire agreement" clause. This clause specifies that whatever is in the written contract is indeed the whole of the contract and supersedes any oral or implied conditions that have not been spelled out. An example of such a clause follows: "This agreement contains the entire agreement and understanding between the parties. There are no oral understandings, terms or conditions, and neither party has relied upon any representation, express or implied, not contained in this agreement." Such a clause protects both the president and the board and explicitly reaffirms the written agreement.

Summary

Every contract deals with compensation and benefits. Certain benefits, such as health and life insurance, various types of leaves, and provisions for business travel are fairly standard. However, boards may have very differing ideas of the appropriateness of presidents engaging in outside employment, such as paid speaking engagements or paid service on boards. Another area of misunderstanding, and one that can become very public in the media, is the use of a college car. Presidents need to know and boards need to define whether the use of the college car includes personal use or is strictly limited to professional use. In an initial contract, moving and relocation expenses need to be addressed fully to prevent any surprises for the new president or for the board. Finally, an integration or entire agreement clause should conclude every contract to ensure that all parties are clear that what is contained in the agreement represents the entire nature of the agreement and that there are no promises or expectations that have been made outside of the contract. Such basic provisions will provide a solid foundation for a contractual agreement.

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ENHANCED COMPENSATION AND BENEFITS

While certain benefits are fairly standard in employment agreements—life and health insurance, leave provisions, travel reimbursement, limits on outside employment, and automobile expenses—the board interested in attracting and retaining a high-performing president may want to consider enhanced benefits. These are benefits that are more tailored to a president's specific needs. They often relate to retirement planning through deferred compensation and extended post-retirement benefits. Such benefits, which can sometimes become controversial, either through the media or on campus, should be spelled out clearly in the contract. For example, housing allowances, club memberships and dues, entertainment expenses, and supplements from a foundation need to be drawn up in such a way that they are defensible in a public forum and meet the cultural norms of the service area. Special benefits that relate to a president's particular situation also need to be delineated. Some of these could include childcare and eldercare, financial planning, home technology and communication needs, and professional development and renewal.

The Enhanced Package

As outlined above, the contractual agreement between the board and the president or CEO of a community college may address a number of issues that exceed the standard package. Following is a discussion of some of these additional benefits.

Deferred Compensation

Until recently, deferred compensation was regarded as a benefit of interest only to corporate CEOs or others making staggeringly large salaries. However, it can be of great benefit to a president, and it is relatively easy for the board to handle. "The deferring of compensation can occur when the parties agree that some portion of the president's salary is to be held in trust and made available if he or she serves out the full length of the contract. When a board does not make use of this kind of incentive, it may be giving up an opportunity to hold on to a star performer through the use of 'golden handcuffs.' For the president, deferring some portion of compensation can provide significant tax benefits and additional income at a point in the president's life when retirement may be looming. While there is no typical amount of deferred compensation that ends up in the compensation package, the final figure is usually related to the president's base salary and the length of the contract" (Cotton 2002, n.p.).

Because of federal restrictions on retirement benefits, deferred compensation has become an increasingly acceptable way to improve a president's compensation package. Public colleges are much more limited than their for-profit colleagues in the types of deferred compensation that are available. Tax laws are constantly changing, and these changes may have significant impact on presidents and boards. Therefore, it is extremely important to have current legal advice when setting up deferred compensation plans as part of a president's total compensation package. Some common types of deferred compensation include qualified governmental excess benefit arrangements, section 457 deferred compensation, section 403(b) tax-sheltered annuities (TSA), severance pay, and paid sabbatical leave upon termination from the presidency (Atwell and Wellman 2000). Of these options, by far the most commonly used and accepted is the 403(b) tax-sheltered annuity. A 403(b) plan is a viable option for almost any presidential compensation package where some form of deferred compensation is desired.

Despite the obvious benefits, deferred compensation is not frequently cited in community college presidential contracts. Only 22 percent of those responding to the question in the CCCS reported deferred compensation as a part of the contract; 13 percent reported receiving deferred compensation, but it was not stipulated in the contract; and 65 percent did not receive deferred compensation. Where possible, the provision of some type of deferred compensation is a great benefit to a president and indicates a progressive and informed board, willing to offer long-term benefits to a new or continuing president.

Salary Bonuses

Salary bonuses, most often associated with the corporate world, are not common in higher education. A salary bonus usually is linked to a particular goal, such as enrollment or fundraising. Sometimes a salary bonus may be linked to longevity and be another form of golden handcuffs to ensure continued service of a valued president. "Some believe bonuses for college and university presidents are inappropriate or politically unseemly and argue against bonus arrangements on that basis. Others believe they offer appropriate incentives for the achievement of goals. A benefit of a bonus system is that it requires the board and president to discuss goals and quantifiable performance measures" (Atwell and Wellman 2000, 51).

Opportunities for bonus pay do not appear to be numerous inasmuch as only 19 percent of the responses from the CCCS indicated the availability of bonuses. As stated by presidents, accomplishments that may earn bonus pay include the following:

- "enrollment increase, minority stats, state board scores, placement rates, etc."
- "any performance that is viewed as extraordinary and far exceeding established goals and objectives"
- "retention policy—after 6 years a 50% salary bonus; after 10 years a 100% salary bonus"
- "enrollment bonus each semester if enrollment is 5% higher than previous year"
- "only if the college makes substantial accomplishments during the year"
- "annual bonus based on performance as determined solely by the board's discretion; longevity bonus for remaining through specified period"
- "'golden handcuffs' provision is included to provide a bonus payment for staying three more years"
- "this is not spelled out but board gave a $7,500 bonus last year; not clear what they consider meritorious service"
- "if I agree to stay for the next contract year I receive a flat payment to a retirement fund"
- "none stated in contract, but $5,000 nonbase building bonus was granted after completion of first year of contract based on enrollment growth"
- "if I stay for the full term of the contract I will receive a lump sum payment for purchase of an annuity"

Those boards that do offer salary bonuses have exhibited considerable creativity, although the reasoning for such bonuses is not always explicitly stated.

Long-Term Care Insurance

A relatively new type of insurance, this is a benefit that presidents and boards may well consider. It is designed

> to fill the gaps in employer-sponsored health insurance plans and ultimately Medicare. A long-term care insurance policy provides reimbursement for custodial-care expenses (i.e., home health care or nursing-home care) not covered by health insurance or disability income policies. In the event of a disability while working, these policies can provide the money to pay for custodial-care expenses and ensure that assets accumulated for retirement are not consumed prematurely. In addition, while disability benefits typically end at retirement, long-term care insurance policies can provide benefits on a post-retirement basis. Since long-term care insurance policies are considered health insurance policies, they receive very favorable tax treatment; premiums and benefits are not subject to current or future taxation. Also this is one of the few fringe benefits that may be provided to spouses. Finally, providing the president and spouse with a long-term care insurance policy may be another opportunity to use "golden handcuffs." The board of trustees may opt to structure this portable benefit to be paid up in 10 years or at retirement. (Cotton 2002, n.p.)

Residence

Only a small percentage of community college presidents receive either college-paid housing or a housing allowance as part of their employment contract. In 1998, Vaughan and Weisman wrote, "Nine percent of the current community college presidents live in a college-owned house, a slight decline from 1991 when 10 percent of presidents lived in a college-owned house. A slightly higher percentage of the current presidents not living in a college-owned house receive a housing allowance than did their counterparts five years ago. Seventeen percent of the 620 presidents not living in college-owned housing receive a housing allowance, as compared to 16 percent of the 752 presidents in 1991 who did not live in college-owned housing and received compensation for housing. Of the 105 presidents receiving a housing allowance in 1996, 63 percent receive less than $1,000 each month and 37 percent receive $1,000 or more monthly" (Vaughan and Weisman 1998, 65).

The more recent CCCS showed that only 21 (6 percent) of the 383 presidents who responded to the question reported that their contract included provisions for

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living in a college-owned house; however, another 21 (6 percent) reported living in college-owned housing with the arrangements not part of the contract.

Housing assistance is an issue that is increasingly being discussed by community college boards and presidents. If the board's expectation is that considerable entertaining or other college business will be conducted at the president's home, it is not unreasonable to request a housing allowance. Many presidents prefer a housing allowance to a college-owned home because of the tax advantages of home ownership and the opportunity to build equity, as well as the opportunity to choose a residence that fits the family and lifestyle of the president. Thirteen percent of presidents who responded to the housing allowance question in the CCCS reported that they received an expense allowance as stipulated in the contract; another 9 percent reported receiving an allowance that was not set by contract. Seventy-eight percent of the respondents received no housing assistance.

There are other tax benefits and liabilities to consider. If living in a particular house is to the benefit of the college as a convenience or a requirement, the value of the housing is not generally considered a taxable benefit. Thus, to protect the president, the employment agreement should state that the president is required to live in a particular house. If the house is off campus, there can be questions as to the taxability of the housing benefit. "To address this eventuality, the institution should maintain records that document that the house is used for business purposes in a significant and continuous fashion" (Atwell and Wellman 2000, 52). Because the tax status of housing or a housing allowance may not be known at the time the initial contract is written, "many agreements also specify that if the IRS determines that compensation related to housing should be reported as taxable income, the institution will increase the salary (or 'top up' the salary) by the amount necessary to pay the additional tax" (Atwell and Wellman 2000, 52).

Supplements from Public Institution Foundations

It is relatively common for institutions with associated foundations to use foundation funds to improve the salary and benefits of the president. While in most cases it is legal to supplement presidential salary from foundation funds, it may not be politically wise from a public relations and alumni point of view. In fact, only 7 percent of the presidents in the CCCS indicated the foundation played a role in their salary compensation. Atwell and Wellman (2000) suggest that rather than use foundation funds to supplement salary, it may be more appropriate to use foundation funds to support the office of the presidency through providing entertainment expenses, club memberships, spousal travel, and other benefits that are not directly related to salary.

For the presidents in the CCCS, the foundation did play a role in supporting the office of the president in a variety of ways. A sampling of foundation assistance, as stated by presidents, includes the following:

- "country club dues"
- "foundation does provide a $5000 president's discretionary fund, but that is not referenced or controlled by the Board of Trustees"
- "Rotary Club dues"
- "not part of contract but foundation provides some assistance with country club dues"
- "I get $6,000 'expense money' each year from the foundation"
- "president's discretionary fund provided for entertainment, Rotary club dues, etc."
- "they do reimburse me up to $13,000 in expenses with a receipt (e.g., dinners with guests, etc.)"
- "they provide support for college activities that are not covered by the state but that does not include additional compensation"
- "discretionary, not salary; president's fund available for campus guests, events, professional development"
- "I have three discretionary accounts through the Foundation that can be used for work-related expenses"
- "provides membership in a downtown club for dining, business purposes"

Entertainment Expenses

Determining the appropriateness of entertainment expenses is a difficult area for many public community college presidents. They often are expected to entertain visitors and dignitaries both in public places and in their homes. Yet many state and local regulations forbid the use of public moneys for food, drinks, and similar expenses. Therefore, presidents find themselves expending considerable personal funds for entertainment expenses that benefit the college. Wherever it is permissible by law, provisions should be made to provide an entertainment allowance or reimbursement for documented entertainment expenses. If public moneys cannot be expended for entertainment, the foundation should step up to provide an entertainment expense allowance for the president.

In some colleges, nontax moneys are raised through vending machine receipts and similar sales. Sometimes these nonpublic funds can be used to provide for legitimate entertainment expenses that cannot be covered with public moneys. Because

entertainment expenses are frequently scrutinized and criticized in the media and on campus, it is important to have both the source of such funds and the types of expenses allowed clearly stated as part of a contractual agreement.

As reported in the CCCS, contracts speak specifically to entertainment expenses in only 24 percent of contracts, while 31 percent of presidents received entertainment expenses that are not addressed in the contract.

Club Memberships

Because of the position of the president in the community, many boards want their president to be a member of various social, service, country, city, or athletic clubs. Presidents may request some of these memberships. The board may see others as desirable in order to integrate the president into the community power structure. For example, most presidents are members of their local Rotary Clubs, and those dues are most often paid by the institution. As reported in the CCCS, 23 percent of presidents indicate that service club dues, most often Rotary Club, are provided by the terms of the contract. Another 30 percent receive the benefit, but it is not specifically stated in the contract.

However, when it comes to country and other social clubs, boards may be sensitive to public perceptions. Nevertheless, it is important for a community college president to socialize with local business leaders, and clubs are often where such socializing occurs. Thus, if a board wishes its president to maintain a leadership role in the community, it is important to find a way to finance membership in at least one club where the president can mix and mingle with the "movers and shakers" in the community—the same people whose good will is necessary to help move the college forward. If local or state laws do not permit paying club dues from public moneys, the board should call upon the foundation or other private sources to supply this important benefit to the president. The CCCS responses indicated that only 15 percent of contracts specifically address club memberships. Thirteen percent of presidents indicated they do receive reimbursement for club expenses, usually from the foundation; thus this benefit is not reflected in the contract. Significantly, 72 percent of the presidents responding to the CCCS do not receive assistance from the board or the foundation with social, recreational, or country club dues.

Professional Development and Renewal

It is not accurate to assume that once a president secures a position, he or she has "arrived" and has no further need for professional growth and development. In fact, just the opposite is more likely the case. Once a president gauges the extensive demands of the position, which probably are not fully understood until at least six

months into a new presidency, there will undoubtedly be a realization of the need for further professional development to meet the challenges of an increasingly complex role. In a study of professional development needs of presidents in North Carolina, South Carolina, and Georgia (Wallin 2002), presidents consistently indicated that their chief barriers to further professional development were time and funding.

The study asked presidents to rank the types of professional development that were most useful to them in improving their effectiveness. National conferences, state and regional conferences, and statewide presidents' meetings consistently ranked above formal leadership programs. Presidents seem to learn a great deal from the opportunity to discuss issues, problems, and solutions with their presidential colleagues. Boards need to be clear in their expectations of presidential leadership roles beyond the college. Are presidents encouraged to serve as officers in regional and national professional associations? Will the board support travel and absence from campus to take on leadership responsibilities beyond the campus? These roles may increase the visibility of the college and provide leadership growth for the president.

However, the most frequently mentioned activity that presidents believe would make them more effective is the opportunity for some type of sabbatical leave. Typical comments were "after 11 years, I could use a six-month sabbatical to recharge my batteries" and "since I've been here for seven years, it might be nice to go on an extended leave—a month or so—to refresh and renew." While sabbatical leave policies vary, the chance for any kind of sabbatical leave is uncommon in technical and community colleges. Boards may need to reevaluate the sabbatical opportunities they could provide to presidents. The goal of a sabbatical may be a useful incentive to retain a valued president. At the very least, a board should be attentive to professional development needs of the president and be sure that time and resources are provided not only to allow, but also to encourage, a president to engage in growth activities.

Presidents responding to the CCCS listed a number of incentives and resources that are important to professional growth and renewal. Table 6.1 summarizes these responses.

TABLE 6.1. PROFESSIONAL DEVELOPMENT RESOURCES

Incentive/Resource	Number of Responses		
	In Contract	Received, Not in Contract	Not Received
Statewide president meetings	63 (14%)	367 (82%)	18 (4%)
State/national conferences	65 (14%)	367 (82%)	18 (4%)
Trustee meetings	46 (11%)	338 (77%)	52 (12%)
International travel	16 (4%)	207 (50%)	191 (46%)
Leadership programs	45 (10%)	335 (76%)	63 (14%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

These responses seem to indicate that there is an expectation, not necessarily stated in the contract, that presidents will engage in professional development and that the resources will be provided for them to do so.

Presidents listed numerous leadership programs they had attended. The variety, geographic distribution, and the target audience shows that many presidents have aggressively sought out presidential preparation and professional leadership training. A representative sample of these programs includes the AACC Presidents Academy, League for Innovation's Executive Leadership Institute, Harvard Seminar for New Presidents, ACE Fellows Program, Harvard Institute for Educational Management, Carnegie Mellon Leadership Program, NILD, Drucker Institute, Covey Leadership Seminar, Baldrige National Quality Conference, Cornell Institute for Community College Development, AGB Leadership Seminar, Snowmass Institute, Greenleaf Workshops on Servant Leadership, AAWCC Leaders, AAWCC Next Steps, NISOD, NILIE, Oxford International Roundtable, and the AMA Executive Management Program. Also mentioned were various state-level leadership programs, including those in Wyoming, Alabama, Oklahoma, North Carolina, Virginia, Florida, California, New Mexico, and Kentucky.

Childcare and Eldercare

As the number of women in presidencies increases, as well as the number of men whose wives hold full-time employment outside the home, the issue of appropriate childcare is a benefit a board may want to consider. The agreement should stipulate the conditions of the childcare benefit, dollar limits if appropriate, and whether the agreement includes after-school childcare as well as preschool child-

care. If the president is expected to use the childcare facilities at the college, that too should be spelled out.

With advances in medical care and longevity, presidents may find themselves with increasing responsibility for the care of aging parents. Eldercare, like childcare, is more often a concern of female presidents. Boards who understand and assist in these important family responsibilities will engage the loyalty and appreciation of a president.

Technology

Today's community college president is always "on call." It is a 24 hours a day, seven days a week job, and there is the expectation that the president will be available when needed. Whether that is good for the president is debatable, but like it or not, the technology that increases productivity also means that a president is rarely out of contact. Thus, the myriad technological devices that make up contemporary communications need to be a part of a presidential package. A cell phone and pager, a PDA, a dedicated home phone line, a laptop computer, appropriate software, ISPs and associated line fees are all items that should be considered as necessary for the well-connected, technology-savvy president.

That technology benefits are rather new is reflected in the responses to the CCCS. Only 11 percent of presidents had home office equipment referenced in the contract, though an additional 24 percent received at least some assistance with home technology. Twenty-one percent indicated cell phone/pager provisions in the contract, but an additional 60 percent received the benefit. Without specific reference to the use of college-owned property in a home setting, a president and board could be perceived to be violating state law, college rules, or good business ethics. It is critical that any college-owned property used at home be properly accounted for at all times through the contract or in other clearly stated college policies.

Retirement Benefits

Contracts generally refer to a state or college retirement plan in which the president participates. While employees may contribute a set percentage of salary each month toward a plan, a president may request that the board pay that percentage for the president. In other words, the board pays into the retirement system on behalf of the president.

Post-retirement benefits often can be negotiated at the time of an initial contract or after a particularly successful evaluation when the board is seeking ways other than direct compensation to retain a high-performing president. Common benefits are health and dental insurance for a set period of time or throughout the lifetime of the president. As a way of retaining a president, some boards may elect to

build a tiered system: If a president retires in five years, for example, the board will pay 50 percent of premium costs for post-retirement health insurance. If the president retires in 10 years, the board will pay 100 percent of health insurance premiums for the lifetime of the president. The board, where permitted by law, also may extend health and other benefits to the president's spouse after the president's retirement.

Those who responded to the CCCS identified a variety of retirement benefits. While this list is by no means exhaustive, Table 6.2 details some of the more significant retirement benefits. Presidents indicated a number of other retirement benefits, including the following:

- "100% paid retirement (12.65% of salary each pay period)"
- "$100,000 paid up life insurance policy"
- "long-term care policy"
- "health and dental insurance covered upon retirement after serving six years (50%) or 10 years (100%)"
- "emeritus status may be granted if in the position for at least 10 years"
- "matching contribution to retirement account"
- "if one stays in the Texas system for 10 years health insurance is provided"

TABLE 6.2. RETIREMENT BENEFITS

Benefit	Number of Responses		
	In Contract	Received or Anticipated, Not in Contract	Not Received
Buyout from other systems	8 (2%)	34 (9%)	354 (89%)
Health insurance continuation	50 (12%)	153 (37%)	215 (51%)
Life insurance continuation	23 (6%)	83 (20%)	299 (74%)
Post-retirement clerical	4 (1%)	19 (5%)	363 (94%)
Emeritus status	9 (2%)	79 (21%)	296 (77%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

Outside Financial or Legal Counsel

The board may wish to provide reimbursement for the use of outside financial planners or consultants. There also may be occasions for which outside legal counsel would be appropriate. If these benefits are included, the contract should specify the details of maximum dollars to be spent, qualifications of service providers, clarifications of possible conflict of interest, and length and conditions of employment.

Other Special Considerations

It is the wise board that takes into consideration the particular needs of an individual president, which may not fit into the norm. For example, it is not uncommon for a president and spouse to have a commuter marriage. When the spouse has a well-established profession and a move with the incoming president is not possible, it would be in the best interest of the board and the institution to make allowances of time and monetary assistance for the inevitable commuting that is necessary in such arrangements.

A noncustodial spouse may have periodic childcare needs when he or she has children visiting. There may be needs for travel support to visit minor children. Other special considerations are as varied as the individuals who occupy the position. A president will appreciate and recognize a board 's sensitivity to such personal and family needs.

Summary

While certain standard benefits are generic to most contracts, it is the enhanced benefits that make the contract customized to meet the needs of a specific individual and board. These enhanced benefits are also the types of benefits that cannot be taken for granted outside the context of a contract. Many presidents have received bad press and created problems for the board and the college over the expenses attendant to maintaining a residence. Similarly, the college community and the media often scrutinize and criticize entertainment and club memberships. Thus, these types of benefits, if important to a board and president, must be spelled out clearly and defended willingly by the board if controversy arises. There are other types of enhanced benefits, not so likely to be criticized, that a board can extend in its effort to attract and maintain a high-performing leader. Most presidents are very interested in options for deferred compensation, incentive bonuses, opportunities for professional development, extended retirement benefits, and home technology and communication needs—benefits that can be provided easily and are very

defensible. Such enhanced benefits are important to a new president but may be even more important to a well-established president whose services the board wants to ensure will continue over an extended tenure.

7

THE TERMINATION CLAUSE

All contracts terminate. What begins with great hope and considerable fanfare will, at some indeterminate point in the future, end. The termination of a presidential contract, regardless of cause, is a momentous occasion both for the college and for the president. It represents the end of an era and the sure knowledge of change ahead for the institution. If the parting is amicable—for example, the result of retirement or moving to another position after a sufficiently long and positive term of office—the termination is the occasion for parties, celebrations, and reflections on accomplishments. If the parting is bitter and acrimonious—the result of misconduct, board conflicts, or votes of no-confidence from the faculty—the upheaval, divisiveness, lawsuits, and bad press can create damage to the reputation of the college that remains for years. Obviously, it is in the best interests of both the college and the president to be sure that the process of termination is not overlooked in an employment agreement.

Boards and candidates are much like people contemplating marriage; they cannot assume anything but a harmonious relationship for the rest of their lives. It seems quite improper, at such a time of joy and anticipation, to discuss what might happen if the parties find they cannot work and live together. Yet this is precisely the time such a "prenuptial" agreement is absolutely necessary. "The board needs to know that the new president will not desert the ship at short notice, and the president needs assurance that he or she will be given reasonable leave with salary if the axe should fall. The sensible board will anticipate the possibility of trouble, however remote it may seem, and set forth the terms, conditions and circumstances of separation at the time of appointment" (Nason 1980, 76).

While the conditions of employment usually are extensive and the term of the appointment is rendered in some detail, exit strategies are not so common. "Term appointments must be tied to some kind of escape system that provides a dignified exit without undue economic penalties. A president should not be expected to expend him- or herself for the good of the cause while everyone else is protected by job security, tenure, or due process considerations"(Kauffman 1980, 97).

To avoid the possibility of undue disruption and potentially negative press, it is critically important that the employment agreement state the grounds for termination. "Probably most important is laying the groundwork for a harmonious parting of the ways. To avoid acrimony, lawsuits, and bad publicity, a president's contract must spell out the circumstances for retirement or other termination and the specifics of separation compensation" (Bornstein 1998, 4).

Reasons for Termination

While the substance of a termination clause will differ according to state laws and local traditions, it is important that the nature of notice, professional improvement plans, severance pay, and the extension of benefits be spelled out. Most contracts will address termination under five circumstances: death, disability, mutual agreement, without cause, and for cause.

Death

While certainly not something a president and board want to dwell on, presidents do die in office. When there is such a death, the trauma is difficult enough for the college community and the president's family without having uncertainties as to the disposition of salary and benefits, particularly deferred compensation, bonuses, or contractual agreements for family health insurance after retirement. If a president is unable to complete the term due to death, the contract should state the provisions for salary and benefits through the end of the contract period for the benefit of the survivors or the president's estate.

Disability

In the event that a president becomes ill and is unable to perform the duties required of the position, termination due to disability may be the outcome. The employment agreement should state clear processes for determining disability, such as the following:

- How long may the president be absent due to illness?
- May the college require a physical exam that would indicate fitness to work?

- Is there a projected timeline for recovery and recuperation and a realistic expectation that the president will be fit to perform presidential duties within a set time frame?
- What provisions will be made for the president to be reassigned for a time period?
- At what point will the president's employment terminate?
- Does the college have any further responsibilities, for example, payment of COBRA health benefits for an appropriate period?

These considerations, coupled with a good disability insurance policy, should give the president sufficient security in the event of disability, while still protecting the need of the college to acquire new leadership.

Mutual Agreement

When a contract is terminated before the ending date by mutual consent of the parties, there is an expectation that a minimal notice will be given, usually at least 90 days. This action normally occurs when a president has an opportunity to move to another position and is requesting release from a contract. On occasion, a president may develop a chronic illness that does not meet the criteria for disability but is such that the president is no longer able to expend the energy that leadership requires. In other situations, a president may have family interests and responsibilities that assume a higher priority. In such circumstances, it is in the best interest of both parties to provide such a release, though there is the rightful expectation on the part of the board that the president give adequate notice in order to provide for a smooth interim transition while a new president is sought. In such a situation, the president would ordinarily be paid salary and benefits only through the date of termination.

Without Cause

When a president is terminated without cause, it is often because of a change in board direction, a change in the external environment, or simply the perceived need for new leadership. The president has substantially fulfilled contractual responsibilities and has not engaged in inappropriate activities to the detriment of the college or its reputation. When the board decides to terminate without cause, the board generally will pay (buy out) the remaining term of the contract, where that practice is not prohibited by law. The board also usually agrees to pay health and other benefits as provided in the employment agreement. This option gives the board an opportunity to pursue new leadership, and gives it the existing president time

to pursue new employment opportunities while still receiving salary and benefits for a specific period of time.

For Cause

When a CEO is dismissed for cause prior to the ending date of a contract, it usually implies a serious breach of conduct. At least from the viewpoint of the board, the president has failed to carry out the responsibilities and duties that are delineated by contract, by board policy, or by state policy. Further, if the president acts in a way that brings discredit to the institution or engages in acts that are morally or fiscally reprehensible, a board may choose to terminate the president for cause. This action should be taken only as a last resort when deemed necessary to preserve the reputation of the college.

When the board has made such a decision, it should give written notice to the president. If the acts are such that a professional improvement plan is not possible, the board should give the president the available options. Again, these options will vary by state and local jurisdictions, but in most cases will include the opportunity to retain counsel, and to be heard by an administrative law judge, by the board in executive session, or by the board in open session. Definite time frames should be set for each step of the process. Further, the board should state the extent of salary and benefits paid during the hearing phase, the transfer of responsibilities from the president, and the final disposition of the decision. In most cases, at the conclusion of the process of termination for cause, all salary and benefits cease. The process, timelines, remediation, and consequences, including the status of salary and benefits, of termination for cause should be spelled out in the employment agreement or referenced to appropriate law. In addition, the board should stipulate the final decision maker and the existence of remedies, if any, to challenge the final decision.

Of those presidents who responded to questions regarding the termination clause in the CCCS, a surprising 43 percent had no termination clause whatsoever as part of the employment agreement. Fifty-seven percent of the responding presidents did have a termination clause as part of the contract. Table 7.1 summarizes the common details of their agreements.

TABLE 7.1. TERMINATION CLAUSE

Details	Number of Responses	
	In Contract	Not in Contract
Death	84 (33%)	167 (67%)
Disability	105 (39%)	161 (61%)
Mutual agreement	178 (59%)	123 (41%)
Without cause	104 (41%)	156 (59%)
For cause	290 (80%)	74 (20%)
Severance pay	72 (29%)	173 (71%)
Contract buyout	91 (35%)	168 (65%)
Outplacement service	3 (1%)	215 (99%)

Source: American Association of Community Colleges, "CEO Contract and Compensation Survey" [raw data], Washington, DC, 2002.

Presidents also noted other termination stipulations. For example, presidents indicated that contracts could be terminated for these reasons:

- "conviction of a felony, loss of legal qualification, by either party on 30 days notice"
- "seeking public office or announcing an intent to do so results in termination; no other specifications exist"
- "I can unilaterally terminate the contract for the sum of $1000"
- "moral turpitude"
- "termination for convenience"
- "contract can be allowed to expire; compensation cannot be lowered"
- "there is no specific language relating to termination in the agreement, except for a disclaimer re any obligation to pay any salary after termination"
- "contract buyout but would remain in employ of district for duration or a partial buyout"
- "either party may indicate that it does not wish the contract extended"

Summary

The acrimonious termination of a contract can be an extremely painful and public affair resulting in damage to the reputation of the president, the board, and the college. Rather than simply hoping for the best, an initial contract should clearly specify the terms and conditions under which a contract may be terminated. Such a statement provides the ground rules for both the president and the board. There are a variety of legitimate reasons that a contract is terminated. Sometimes it is at the request of the president; sometimes it is at the request of the board. Most contracts will delineate at least five circumstances under which a contract may be terminated: death, disability, mutual agreement, without cause, and for cause. The conditions and consequences of each type of termination should be specified in the contract. It is in the best interests of the both the board and the president to deal with the possible ways in which the relationship may be terminated as part of the initial contract.

8

A SUCCESSFUL TENURE

A careful reading of the previous seven chapters should make apparent the fact that there is no such thing as a one-size-fits-all standard contract. There may be certain standard items, but each employment agreement is its own work of art, crafted and tailored to the needs and expectations of the president, the board, and important internal and external constituencies. It is imperative to understand that the most significant element in an employment agreement is not fine legalistic phrasing, not a spectacular salary, not a cornucopia of benefits, not even the detailed expectations of the board. The most critical element necessary for a successful presidential tenure is the confidence and trust between a board and a president. There can be no substitute for integrity, honesty, and open communication.

However, it is equally important to capture that sense of trust and enthusiasm that exists at the beginning of a presidency, or after a particularly good evaluation, and put it into a written agreement. Human nature being what it is, people remember events and conversations differently. They interpret the same promises differently. And they may develop honest differences in their vision of the direction in which the college should move. A contract—a written agreement to which all parties agree—can save a president, a board, and a college from unnecessary embarrassment, bitterness, and public wrangling. More important, the existence of a contract that gives a reasonable expectation of continued employment for a period of time frees a president to tackle difficult and sensitive situations and to make hard decisions without the fear that displeasing a powerful individual or group may result in unemployment on short notice.

A well-written contract will contain four basic components: the term of the appointment, the compensation package including salary and benefits, the evaluation process, and termination procedures. Even the simplest employment agreements

should address these four components in enough detail to ensure complete clarity and understanding.

Often the president and the board are most focused on salary and benefits. That, too, is what the public, the college community, and the media are most interested in scrutinizing. Standard benefits such as insurance of various kinds, leave policies, automobile usage, travel reimbursement, and limits on outside activities should be spelled out to avoid any misunderstanding or confusion. When a board deems it appropriate to provide enhanced benefits, such as club memberships, entertainment expenses, and housing allowances, there is the natural tendency to think it best not to reduce to writing what could potentially bring criticism to the board and the college. The temptation simply to arrive at a verbal "understanding" should be avoided at all costs. Many presidents can attest to the hasty retreat, the claims of misunderstanding, and the bad case of amnesia that can overcome a board when the public to whom it is accountable begins to criticize certain actions and expenses. The president, too, may genuinely misunderstand the latitude given by the board. The board chair, in the role of spokesperson for the board, must exercise strong leadership and be willing to justify any and all "perks" extended to the president in terms of a competitive market, board expectations, and presidential performance.

The use of a compensation committee in determining both salary and benefits is highly recommended. The committee should exercise due diligence in researching and understanding competitive CEO packages in comparable community colleges. Before offering a compensation package, the compensation committee should carefully document its processes and be sure that the entire board is completely supportive and speaks as one entity.

The president needs to have a clear understanding of the expectations of the board and the performance measures by which he or she will be judged. Presidents have limited time and unlimited demands on that time; it is crucial that a president know where to spend that time to make the most impact and meet the expectations of the board. The employment agreement should contain written standards and expectations, goals, and objectives, as well as evaluation timelines and processes. A good employment agreement will always include a termination clause. Because all agreements have an ending, it is a wise and thoughtful board that plans for that ending. The board should specify the conditions under which the agreement will be terminated and the consequences of each condition as part of the employment agreement.

"CEOs' jobs are highly risky, and that is simply part of the landscape." That comment by a perceptive president responding to the CCCS is unarguably true. Those who are risk averse should not even consider a community college presidency. Having

a model contract, with clearly delineated expectations, will not eliminate that risk. A strong contract can, however, temper the risk and free a president to devote time and energy to leading the institution and making difficult decisions. Boards, too, can know that the direction for the college has been clearly set and the expectations of the board have been communicated to the president through a well-written employment agreement. Just as boards are becoming more selective and sophisticated in knowing what they expect of a president, the number of qualified presidential candidates may be declining due to retirements and quality of life issues. In the next decade, it will be more important than ever for boards to develop and offer competitive compensation packages if they hope to attract and retain high-performing presidents and CEOs.

Keeping a good CEO is as important to a board as getting the right one in the first place. In fact, it has been suggested that "progress toward educational excellence is hindered by a merry-go-round of presidents. If you change CEOs all the time, you never give your college the chance to develop and stick with a long-term plan. If the CEO is moving the college's educational agenda forward, the board should do everything possible to keep that streak going. A board can be effective only if the CEO is effective" (Jensen, Giles and Kirklin 2000, 66–67). One way to keep that successful streak going is for the board to pay close attention to offering a competitive salary and benefits package as part of a well-constructed employment agreement.

The board–CEO relationship is absolutely critical to the success of any individual community college. Respecting the separate but complementary roles of the board and the president, the partnership between a committed board and a dedicated president can provide tremendous educational opportunities to the individuals and communities they serve. Working together, with mutual trust, integrity, and sense of purpose, boards and presidents can bring to their communities education, training, and services to provide a better future and help fulfill the promise of America's community colleges.

APPENDIX I

SAMPLE COMPREHENSIVE EMPLOYMENT CONTRACT

1. Preamble

This employment agreement is entered into on _____ by and between the Board of Trustees of _____ Community College and _____, President. The parties agree as follows:

2. Term

A. General Term

The board shall employ the President commencing on July 1, 2003, and through the 30th day of June 2006, inclusive.

B. Renewal of Agreement

Unless notice is given by either party of nonrenewal on or before January 1, 2004, this contract is renewed for a new three-year term commencing July 1, 2004, to June 30, 2007. Thereafter, this agreement is renewed for a new three-year agreement unless the Board provides notice of nonrenewal prior to January 1.

3. Powers, Duties, and Responsibilities

A. Governance

The Board shall operate at the policy level and shall delegate to the President the authority of the internal management of the institution. The President will provide the Board with appropriate information, in a timely manner, in order that the Board

may promulgate policy. The President, as Chief Executive Officer, is responsible for executing policies and implementing identified goals through the day-to-day management of the college. The Board and its individual members agree not to interfere with or to usurp the responsibilities of the President.

B. Other Duties

The President will: (1) provide leadership for academic excellence; (2) administer the instruction, student services and business affairs of the college; (3) periodically direct the review of Board policies; (4) promote and endeavor to maintain positive college image in the community; (5) establish and maintain sound working relationships with other governmental agencies; (6) endeavor to maintain and improve professional competence; (7) serve as the Board's designated representative with respect to all matters concerning employer-employee matters; (8) annually evaluate administrative employees reporting directly to the President and participate in the evaluation of the remaining employees in accordance with college procedures; (9) manage and control college property and enter into contracts on behalf of the college as authorized by the board.

C. Accountability

The President, as Chief Executive Officer, is accountable to the Board acting as a body. Only decisions of the Board acting as a body are binding upon the President except in instances when the Board, acting as a body, delegates appropriate functions to the Board Chair or committee of the Board.

4. Salary

The initial base salary shall be $_____ per year paid in accordance with college payroll procedures. Commencing with the salary increases granted to administrative management staff for the 2004–2005 year, the President shall receive the same percentage across-the-board salary increase granted to administrative management staff, provided that the written performance evaluation as described in Section 5 is satisfactory or better. Nothing in the agreement shall prohibit the Board from granting a higher salary increase upon outstanding performance.

5. Performance Reviews

In order to ensure ongoing communication between the President and the Board concerning the President's objectives and job responsibilities as well as achieve a

mutual understanding between the parties concerning the accomplishments of such objectives and responsibilities, there shall be an annual written review of the President's performance, which shall include a meeting with the President and the Board for the sole purpose of reviewing such objectives and responsibilities. Such annual reviews may include prioritizing job objectives and establishing timetables and resources for completion of such objectives.

The Board shall establish a schedule and evaluation instrument for the review of the President and shall allow sufficient time to prepare an outline of accomplishments and progress made toward attaining the performance objectives and satisfying the duties and responsibilities of the office.

The President shall receive a performance bonus of 10 percent (10%) of base salary based on exceptional performance effective January 1, 2004. This increase is limited to performance during the first year of employment only. This bonus becomes a permanent part of the base salary.

6. Fringe Benefits

A. General Benefits

The President shall be afforded family health and dental insurance, disability and life insurance, and retirement benefits in accordance with the Board policies and procedures as provided to other academic administrators. The President also shall be afforded twenty-five (25) annual vacation days that may be accumulated in accordance with Board policies, and any unused vacation shall be payable in cash to the President upon separation from employment with the college. The President shall receive sick leave, bereavement leave, or other paid or unpaid leave permitted by Board policy or required by law as granted to other college academic administrators.

B. Other Benefits

In addition to those listed above, the Board shall provide the following additional benefits:

i. Retirement Benefits

The Board agrees to contribute and directly pay on the President's behalf $1,000.00 per month toward the President's participation in the Teachers Insurance and Annuity Association/College Retirement Equities Fund ("TIAA/CREF"), provided that this fund meets the requirements of a tax-deferred plan under Section 125, 401(k) or 403(b) of Title 26 of the United States Code.

ii. Housing Allowance

The Board shall provide the President an $800.00 monthly housing allowance to maintain a personal residence within the service area of the college.

iii. Reimbursement for Professional and Private Organizations and other Business Expenses

The President shall be entitled to reimbursement for reasonable business expenses incurred in the exercise of duties as President, subject to providing proof of expenditures. The college shall pay on the President's behalf or reimburse any membership dues, fees, or assessments of professional and private organizations incurred for business use in the exercise of the President's duties. Board approval must be obtained for membership in private clubs.

iv. Life Insurance

In addition to the life insurance benefits provided other employees of the college, during the term of this agreement the Board shall cover the President under a term life insurance policy in the amount of $500,000 payable to the designated beneficiary.

v. Professional Meetings

The President may attend professional meetings at local, state, national, and international levels. Reasonable expenses so incurred shall be reimbursed by the college. The President shall provide the Board with a semiannual summary report of nonlocal travels to professional meetings.

vi. Outside Professional Activities

The President may undertake outside professional activities, including consultant, speaking, and writing, provided these activities do not interfere with the President's duties. The President shall issue a semiannual report to the Board listing any consultancies or boards for which compensation was provided. The President may, and is encouraged to, serve on boards of private, publicly held, or nonprofit corporations, subject to the Board's Conflict of Interest policy.

vii. Automobile

The President shall be provided with a college-owned or leased vehicle for business and personal use during the term of the agreement. The Board shall be responsible for the general maintenance of the vehicle.

7. Termination of Contract

This agreement may be terminated in advance of the expiration date under the following events and conditions:

A. Upon Death

B. Upon Retirement

C. By Mutual Consent of the Parties

Mutual consent exists for termination provided the party seeking termination shall give not less than ninety (90) calendar days written notice of termination to the other party and in accordance with the following:

i. Upon notice of the Board to terminate the contract, as of the effective date of termination, the college shall pay the base salary for each month remaining in the term of the agreement or eighteen (18) months of base salary, whichever is less. The college also shall pay health benefits and life insurance, for the same duration as the base salary.

ii. Upon notice by the President to terminate the contract, the President shall be paid all salary and benefits up to the date of termination and shall not be entitled to any other payment under this agreement.

D. Disability

In the event the President becomes ill or disabled, and is unable to perform the essential functions of the position with or without reasonable accommodation of the position for a period of forty-five (45) calendar days, the Board may require a fitness for duty examination and the President shall not unreasonably withhold consent. The examination, to be performed by a licensed physician selected by the college, will be for the purpose of determining if the President's inability to perform the essential functions of the position will likely continue for a period of at least six (6) months from the initial date of illness or disability. The physician's determination will be provided to both parties, and the Board agrees the report shall be held in the strictest confidence.

Upon a determination that the inability to perform the essential functions of the position will likely continue for a period of at least six (6) months from the initial date of the illness or disability, the President will immediately vacate the President's position and will be assigned as "Administrator on Special Assignment." The President will be entitled to use sick leave, vacation, and family leave as permitted

by law, and/or disability retirement as though continuing in the position of President. The President's employment will terminate when all paid or unpaid leaves have been exhausted. When a president vacates his or her position, the college may post and fill the position of President.

E. For Cause

In the event that the Board claims that cause exists to terminate the President prior to the expiration of this agreement, the Board shall provide the President with a written statement of its intent to discharge and the reasons for discharge. Before the Board makes a final decision, the President is entitled to meet with the Board in open or closed session, within thirty (30) calendar days of the issuance of the written statement. The President may be represented by legal counsel at the President's expense and may present any evidence to the Board to rebut the stated reasons for discharge. After the President has had an opportunity to respond to the stated reasons for discharge, the Board will make a final decision in writing. The President may pursue any remedy deemed appropriate to challenge the final decision of the Board.

8. Integration Clause

The agreement contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representations, express or implied, not contained in this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year indicated below.

BY:_____ President, Board of Trustees Dated: _____

BY:_____ President, _____ College Dated: _____

APPENDIX II

SAMPLE SIMPLIFIED EMPLOYMENT CONTRACT

This agreement of employment is made and entered into by and between the Board of Trustees of _____Community College, the employer, and _____, the Employee.

Whereas the Board has appointed _____, by affirmative vote, to serve in the capacity of President of the college for a period of time provided in the agreement; and

Whereas, the parties mutually desire to commemorate in writing the terms and conditions of the appointment in the agreement for the considerations expressed herein:

Now therefore, the board and _____ agree as follows:

1. The Board employs the President for a term of four (4) years, beginning September 1, 2003, and ending August 31, 2007, to perform the services, duties and functions of the President as described in the Board Policy Manual.

2. In consideration of the services to be performed, the Board agrees during the term of this agreement to compensate the President at an annual salary of _____ payable in equal monthly installments. In addition, the Board agrees to provide business and travel expense in increments of two thousand dollars ($2,000), upon written request only, not to exceed ten thousand dollars ($10,000) each year of the term of this agreement.

3. In addition to annual salary, the Board will:

   a. pay the actual expense of travel and subsistence of the President's spouse when accompanying the President in the performance of duties under this

agreement. Travel may include, but is not limited to, attendance at meetings of AACC, ACE, ACCT, AGB, AAHE, SACS, and the League for Innovation

b. provide to the President such other employee benefits, of a type not herein mentioned, as are provided to other full-time contractual employees of the college, including an annual cost-of-living increase, but excluding vacation. The Board shall provide to the President three days vacation each month with no limit on the number of vacation days that may be accrued.

4. Board agrees to reimburse President for an annual physical examination.

5. President agrees to devote full time to the performance of this agreement.

6. Annually during the term of this agreement, the Board shall evaluate the performance of the President and determine compensation and other benefits, if any.

7. The Board shall provide the President with a leased automobile for use during the term of this agreement. The automobile may be driven by the President or by another person with the President's consent. During the term, the automobile shall be fully maintained by the college, including, but not limited to, keeping the automobile in a safe, usable condition, and providing for all expenses incidental to automobile usage. However, when the automobile is used for personal pleasure or personal business by the President, the President will be responsible for the operational cost of the automobile. This provision does not prohibit the personal use of the automobile by the President outside of the college's service area.

8. This agreement shall be terminated under any one or more of the following events or conditions:

a. upon death or incapacity of the President, as solely determined by the Board

b. upon retirement of the President

c. upon voluntary termination by the President with not less than two (2) months' written notice to the Board

d. by agreement of the parties

e. by payment of the President of all salary during the remainder of the term of the agreement, without cause and without hearing

f. for just cause, but with notice and hearing before the Board of Trustees upon written request of the President.

9. Any employment agreement that was entered into prior to the execution of this agreement by the parties herein is void upon execution of this agreement by the parties herein.

Witness the signature of the parties hereto, in duplicate counterparts, on this _____ (date), with an effective date of _____.

_____ Chair, Board of Trustees

_____ President, _____ Community College

APPENDIX III

SAMPLE CONTRACT AMENDMENT

1. Effective Date and Parties

Effective on July 1, 20__, except as otherwise noted, the Board of Trustees of _____ and _____, President of _____, mutually agree as follows:

2. Purpose

The parties desire to amend the Employment Contract they entered into on July 1, 20___. This will be the third amendment to the Employment Contract.

3. Amendments

A. Salary

The Board hereby employs the President as a full-time employee of the College at a base annual salary of $_____ to be paid in 12 equal payments. This will now include all the previously separate allowances in the contract: housing, car expense, and retirement annuity.

B. Salary Adjustments

Salary adjustments shall be considered at least annually on or about March 1 of each year and shall be mutually agreed upon by the parties. The President and the Board will agree on a system of performance goals, which will be evaluated annually. The results of that evaluation will serve as the basis for deciding on granting future salary

increases above COLA. The Board reserves the right to increase the annual base salary at any time for any and all years of the Employment Contract with the mutual consent of the President and the Board.

C. Vacation

The President shall be entitled to 25 days of vacation each year.

D. Automobile Expense

The President shall receive a college credit card for fuel expenses for the college-leased automobile. It is understood that this expense shall cover incidental personal use of the automobile.

4. Effective

Except for the amendments agreed to herein, the Employment Contract of _____ remains in full force and effect.

Dated _____

Governing Board _____

President _____

APPENDIX IV

SURVEY INSTRUMENT

Personal Information

Identify your college.

Employment Contract

1. Do you have an employment contract?

   ❑ Yes ❑ No

   If you do not have a formal contract, do you have a letter of agreement or other document setting forth conditions of employment?

   ❑ Yes ❑ No

   Please explain.

   If you do not have a formal contract, how concerned are you about the lack of a contract?

   ❑ Very concerned

   ❑ Moderately concerned

   ❑ Concerned

   ❑ Slightly concerned

   ❑ Not concerned

   Please skip to # 7 if you have no contract or letter of agreement.

Duties and Responsibilities

2. Which of the following duties and responsibilities are specifically spelled out in your contract/agreement? (check all that apply)

   - ❑ Academic leadership
   - ❑ Community leadership
   - ❑ Fundraising responsibilities
   - ❑ Business and industry partnerships
   - ❑ Public school partnerships
   - ❑ Authority for hiring and firing
   - ❑ Communicating with the board
   - ❑ Role with the board (secretary, treasurer, etc.)
   - ❑ Other duties and responsibilities (please explain)

Term of Contract

3. What is the term of your contract/agreement?

   - ❑ One year
   - ❑ Two years
   - ❑ Three years
   - ❑ Four years
   - ❑ Five years
   - ❑ Indefinite
   - ❑ Other (please explain)

Evaluation

4. What type of specific board-conducted evaluation requirement is in your contract/letter of agreement or other document?

   ❑ No evaluation requirement

   ❑ Annually

   ❑ Near the end of the contract period

   ❑ Other (please explain)

5. Are there specific criteria spelled out in your contract that will form the basis for your evaluation?

   ❑ Yes ❑ No

   If so, please list those criteria.

Termination

6. Which of the following termination clauses are specified in your contract/agreement?

   ❑ For cause

   ❑ Without cause

   ❑ Mutual agreement

   ❑ Disability

   ❑ Death

   ❑ Severance pay

   ❑ Contract buyout

   ❑ Outplacement services

   ❑ Contract has no termination clause

   ❑ Other (please specify)

Compensation

7. Is your compensation level specified in your contract/agreement?

   ❑ Yes ❑ No

   What is your base annual compensation (not including benefits)?
   (Individual salary figures will not be shared with any third party nor will any salary figures be reported except in aggregate form that includes a minimum of five responses.)

   Is the process for raises you receive spelled out?

   ❑ Yes ❑ No

   If so, which of the following apply?

   ❑ Meritorious service

   ❑ Achievement of specifically stated goals

   ❑ Percentage based on state increases and other employees' increases

   ❑ Regular increments

   ❑ Discretion of board

   ❑ Other formula (please specify)

8. Are you eligible for any sort of bonus or incentive pay?

   ❑ Yes ❑ No

   If so, what are the accomplishments that will earn you a bonus?

9. Does the college foundation have a role in your compensation?

   ❑ Yes ❑ No

   If so, please explain.

Throughout the rest of the survey, we will be asking for information about your terms of employment. Please indicate, where appropriate, whether the indicated item is specifically mentioned in your written contract/letter of agreement/other document, received but not formally written into the contract/letter of agreement/other document, or not received/not available/ not applicable.

Benefits

10. Which of the following insurance benefits are you eligible to receive?

Benefit	*Received in Contract*	*Received, But Not in Contract*	*% Covered by College*	*Not Received Not Applicable*
Personal life insurance				
Family life insurance				
Personal health insurance				
Family health insurance				
Personal dental insurance				
Family dental insurance				
Personal vision insurance				
Family vision insurance				

11. Does your contract/letter of agreement/other document list specific benefits? If so, please list approximate annual value of each.

Benefit	*Received in Contract*	*Received, But Not in Contract*	*Approximate Amount*	*Not Received, Not Applicable*
Relocation expenses (first contract)				
Paid physical exam				
Personal auto expense allowance				
College-provided automobile				
Housing expense allowance				
College-provided housing				
Deferred compensation				
Service club dues (Rotary, etc.)				
Social/recreational/country/ city club dues				
Business entertainment allowance				
Home office equipment				
Cell phone/pager				
Other (please specify)				

Outside Activities

12. In which of the following activities are you permitted to earn money outside of your regular responsibilities as president of your college? Check all that apply.

Benefit	*Permitted in Contract*	*Permitted, But Not in Contract*	*Not Permitted, Not Applicable*
Consulting services			
Service on paid boards			
Honoraria for speeches, presentations			
No outside earnings permitted			
Other (please explain)			

13. If you are permitted to earn outside dollars, by what restrictions are you bound?

- ❑ Number of days per year
- ❑ Requirement to take vacation days
- ❑ No restrictions stated
- ❑ Other (please explain)

Professional Development

14. Which of the following incentives are provided to encourage you to participate in professional development activities? Check all that apply.

Benefit	*Permitted in Contract*	*Permitted, But Not in Contract*	*Not Permitted, Not Applicable*
No incentives are provided			
Resources are made available for attending statewide presidents' meetings			
Resources are made available for attending state and national conferences			
Resources are made available for international travel			
Resources are made available to attend trustee meetings			
Time/funding are made available to participate in leadership programs			
If so, please list the leadership programs that you have attended.			
Other (please explain).			

Leave

15. Are your days of leave specified in your contract/letter of agreement/other document? If so, how many days do you receive for each of the following?

Sick _____ per year

Disability _____ per year

Vacation _____ per year

Professional _____ per year

Term of sabbatical/pay (for example, 1 semester at full salary; 1 year at half salary, etc.)

Other (please explain).

Retirement

16. What retirement benefits are spelled out in your contract/letter of agreement/other document?

Benefit	*Received in Contract*	*Received, But Not in Contract*	*Not Received, Not Applicable*
Buyouts for time in other systems			
Health insurance continuation			
Life insurance continuation			
Office and clerical assistance			
Other (please explain).			

Miscellaneous

17. Check all the following miscellaneous items that are designated in your contract/letter of agreement/other document.

Benefit	*Received in Contract*	*Received, But Not in Contract*	*Not Received, Not Applicable*
Expense allowance for contributions to charitable organizations			
Expense allowance for political fundraisers			
Non-compete clause after leaving the institution			
Tenure/return to faculty provisions			
Indemnification			
Arbitration			
Other (please explain).			

18. Would you be willing to share your contract/letter of agreement/other document as part of this research? (All identifiers will be eliminated.)

❑ Yes ❑ No

19. Please list any other concerns or issues relating to CEO contracts below.

20. Please tell us the following about yourself:

Number of years as president in current position _____

Number of years in previous presidencies _____

Age _____

Male or female _____

Race/ethnicity _____

Highest degree _____

Are you considered a state employee?

❑ Yes ❑ No

Please list any area of special knowledge or expertise (for example, learning college; finance, action research, international experience, etc.).

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"Desna Wallin's *The CEO Contract* may well become a model for boards of trustees, presidents, and college attorneys in the pursuit of better contractual relationships between colleges and CEOs. This book is well researched and written by a skilled administrator and teacher who has added practical experience to the process. An excellent book—very well done."

Jeff Hockaday
Chancellor Emeritus
Pima Community College District, AZ

"Desna Wallin's new book is an outstanding, comprehensive description of what goes into the CEO contract. It will be an invaluable resource for boards of trustees when they are faced with conducting a search for new CEOs or reviewing and renegotiating a contract for a president they wish to retain and reward. Given both today's competition for outstanding leadership and the public scrutiny of CEO compensation, boards are challenged to make their contract offers both attractive and prudent. *The CEO Contract* will help boards fulfill this daunting task in a most professional manner."

Cindra J. Smith
Director of Education Services
Community College League of California

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This publication belongs in every community college library and in the hands of all trustees and current CEOs. It will be invaluable for those aspiring to be CEOs. And, finally, it will used by search consultants and search firms as they work with trustees to replace current CEOs."

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